



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Topeka Public Schools
Unified School District No. 501:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2017, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules listed in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

March 14, 2019
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) section of the Topeka Public Schools, Unified School District No. 501 (the District) financial report represents our examination of the District's financial performance during the year. The MD&A is intended to assist the reader in gaining understanding of how the various statements relate to each other and provide an objective and easily readable analysis of the District's financial activities, based on currently known facts, decisions and conditions.

USING THIS GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) BASED REPORT

The District's financial statement package for the fiscal year ended June 30, 2018 is comprised of the Independent Auditor's Report, this Management's Discussion and Analysis (MD&A) (Unaudited), the Basic Financial Statements (Audited), required supplementary information and supplementary information. These financial statements include all the accounts for which the District is considered to be financially responsible. The MD&A is intended to serve as an introduction to the District's basic financial statements.

THE BASIC FINANCIAL STATEMENTS CONSIST OF THE FOLLOWING:

- District-Wide Financial Statements
- Fund Financial Statements
- Agency Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS:

The District-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements take a much larger view of the District's finances than do the fund-level statements.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the last fiscal year.

The District-wide financial statements are presented using the economic resources measurement focus, which emphasizes the determination of net income and expense on the accrual basis of accounting, as are the accompanying proprietary fund statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds or business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of inter-fund activity has been eliminated from the District-wide financial statements. Exceptions to this rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets						
Cash and investments	\$ 87,272,771	\$ 96,383,106	\$ 6,064,185	\$ 3,182,864	\$ 93,336,956	\$ 99,565,970
Other	9,138,430	9,550,215	335,294	683,088	9,473,724	10,233,303
Total current assets	96,411,201	105,933,321	6,399,479	3,865,952	102,810,680	109,799,273
Noncurrent assets						
Capital assets, net	210,449,586	196,707,305	782,055	860,018	211,231,641	197,567,323
Total assets	306,860,787	302,640,626	7,181,534	4,725,970	314,042,321	307,366,596
Deferred outflows of resources						
Deferred outflows - OPEB	1,003,582	-	-	-	1,003,582	-
Deferred outflows - pension	30,882,559	35,029,720	-	-	30,882,559	35,029,720
Total deferred outflows of resources	31,886,141	35,029,720	-	-	31,886,141	35,029,720
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	9,596,160	10,752,541	414,094	-	10,010,254	10,752,541
Accrued interest payable	2,422,681	2,346,164	-	-	2,422,681	2,346,164
General obligation bonds payable, current	2,505,000	1,985,000	-	-	2,505,000	1,985,000
Other current liabilities	9,691,930	9,496,533	72,708	90,771	9,764,638	9,587,304
Total current liabilities	24,215,771	24,580,238	486,802	90,771	24,702,573	24,671,009
Noncurrent liabilities						
General obligation bonds payable, net	157,862,979	151,173,301	-	-	157,862,979	151,173,301
Accrued compensated absences	1,500,095	1,320,068	-	-	1,500,095	1,320,068
Net pension liability	149,798,454	152,092,568	-	-	149,798,454	152,092,568
Net OPEB liability	42,137,343	13,826,377	-	-	42,137,343	13,826,377
Total noncurrent liabilities	351,298,871	318,412,314	-	-	351,298,871	318,412,314
Total liabilities	375,514,642	342,992,552	486,802	90,771	376,001,444	343,083,323
Deferred inflows of resources						
Deferred inflows - OPEB	780,328	-	-	-	780,328	-
Deferred inflows - pension	11,314,724	10,064,413	-	-	11,314,724	10,064,413
Total deferred inflows of resources	12,095,052	10,064,413	-	-	12,095,052	10,064,413
Net Position						
Net investment in capital assets	74,035,571	87,730,348	782,055	860,018	74,817,626	88,590,366
Restricted for						
Debt Service	13,561,013	3,843,334	-	-	13,561,013	3,843,334
Other	3,126,223	3,549,868	-	-	3,126,223	3,549,868
Unrestricted	(139,585,573)	(110,510,169)	5,912,677	3,775,181	(133,672,896)	(106,734,988)
Total net position	\$ (48,862,766)	\$ (15,386,619)	\$ 6,694,732	\$ 4,635,199	\$ (42,168,034)	\$ (10,751,420)

TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charge for services	\$ 1,548,439	\$ 1,599,140	\$ 2,091,018	\$ 2,148,936	\$ 3,639,457	\$ 3,748,076
Federal grants	18,666,008	21,236,363	7,201,831	7,355,347	25,867,839	28,591,710
Other grants and contributions	13,137,452	23,173,162	11,079	-	13,148,531	23,173,162
General revenues						
Property taxes	21,051,911	21,116,569	-	-	21,051,911	21,116,569
State aid	123,783,546	124,619,093	77,546	77,473	123,861,092	124,696,566
Other revenue from local sources	1,068,148	842,199	-	-	1,068,148	842,199
Interest and investment earnings	871,987	583,658	17,405	3,435	889,392	587,093
Gain on sales of capital assets	59,636	431,655	-	-	59,636	431,655
Total revenues	<u>180,187,127</u>	<u>193,601,839</u>	<u>9,398,879</u>	<u>9,585,191</u>	<u>189,586,006</u>	<u>203,187,030</u>
Expenses						
Instruction	106,308,336	103,416,552	-	-	106,308,336	103,416,552
Instructional support	6,261,782	4,104,453	-	-	6,261,782	4,104,453
Student support	22,136,054	15,855,957	-	-	22,136,054	15,855,957
General administration	7,361,971	2,871,931	-	-	7,361,971	2,871,931
School administration	9,467,328	9,102,482	-	-	9,467,328	9,102,482
Business support	7,167,762	1,576,526	-	-	7,167,762	1,576,526
Plant and maintenance	3,735,299	17,267,774	-	-	3,735,299	17,267,774
Transportation	5,067,800	4,118,497	-	-	5,067,800	4,118,497
Central support services	7,000,870	8,681,943	-	-	7,000,870	8,681,943
Other support	214,430	189,204	-	-	214,430	189,204
Student activities	491,543	1,069,749	-	-	491,543	1,069,749
Interest on long-term debt	5,854,106	5,607,755	-	-	5,854,106	5,607,755
Textbook/study material	-	-	1,279,196	653,256	1,279,196	653,256
Food service	-	-	8,256,991	8,102,572	8,256,991	8,102,572
Other business-type activities	-	-	928,562	939,246	928,562	939,246
Total expense	<u>181,067,281</u>	<u>173,862,823</u>	<u>10,464,749</u>	<u>9,695,074</u>	<u>191,532,030</u>	<u>183,557,897</u>
Increase (decrease) in net position before transfers	(880,154)	19,739,016	(1,065,870)	(109,883)	(1,946,024)	19,629,133
Transfers	(3,125,403)	(54,653)	3,125,403	54,653	-	-
Change in net position	<u>(4,005,557)</u>	<u>19,684,363</u>	<u>2,059,533</u>	<u>(55,230)</u>	<u>(1,946,024)</u>	<u>19,629,133</u>
Net position, beginning	(15,386,619)	(35,070,982)	4,635,199	4,690,429	(10,751,420)	(30,380,553)
Prior period adjustment	(29,470,590)	-	-	-	(29,470,590)	-
Net position, beginning of year restated	<u>(44,857,209)</u>	<u>(35,070,982)</u>	<u>4,635,199</u>	<u>4,690,429</u>	<u>(40,222,010)</u>	<u>(30,380,553)</u>
Net position, ending	<u>\$ (48,862,766)</u>	<u>\$ (15,386,619)</u>	<u>\$ 6,694,732</u>	<u>\$ 4,635,199</u>	<u>\$ (42,168,034)</u>	<u>\$ (10,751,420)</u>

FUND FINANCIAL STATEMENTS

Governmental fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is an accounting device and considered to be a separate accounting entity and is used to keep track of specific sources of funding and spending for a particular purpose. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Funds are used to ensure and demonstrate compliance with financial related legal requirements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in assets and fund balance as a measure of available spendable resources. This means only current liabilities are generally included on their balance sheets. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

District's Major Governmental Funds:

1. General Fund – Used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.
2. Special Education Fund – Used to account for the revenues and expenditures related to the education and services for District's special needs programs.
3. Capital Outlay Fund– Used to account for revenues that are primarily utilized for the acquisition, construction, repair, and remodeling of the District's buildings and facilities.
4. USDE Pass Through Fund – Used to account for the revenues and expenditures related to federal grant programs funded by the United States Department of Education.
5. Bond Fund – Used to account for the bond proceeds that are primarily utilized for the constructing, renovating, improving, furnishing, and equipping certain new and existing District educational facilities and storm shelter facilities, acquiring and installing new security system and lighting equipment improvements in the District's school buildings and other facilities, and acquiring and installing certain technology enhancements throughout the District and its facilities.
6. Bond and Interest Fund – Used to account for resources accumulated and payments made for principal and interest on long-term debt.

District’s Major Proprietary Funds—Business Type Activities:

1. Textbook/Study Material Revolving—Receives money collected from the District’s students for the rental of class textbooks. This rental income is used to purchase replacement textbooks and new textbooks whenever new textbook adoptions are implemented. Some textbook rental fees are waived based on the student’s financial status. When this occurs the Board of education transfers funds from its General Fund to cover the cost of the waived fee, so that the integrity of the rental program is not affected.
2. Food Service – Established pursuant to state law to account for all monies received and expenses attributable to the District’s breakfast and lunch programs.

SUPPLEMENTAL FINANCIAL SCHEDULES:

Kansas statutes require that each year the District must provide overseeing state agencies with an audited set of financial statements. Thus, the data presented in the District-wide and Fund financial statements is converted to the budget basis of accounting and provided as supplemental schedules.

Each individual school maintains its activity funds to handle funds raised and expended by its various student groups. These funds are held and controlled by the District for the purpose for which they were raised. Separate supplemental financial statements covering these funds are included in the packet of financial statements.

A separate schedule on federal grants received by the District is also included to assist those outside the District in monitoring the proper handling of grants awarded to the District.

FINANCIAL STATEMENTS ANALYSIS:

As noted earlier, over time net position may serve as a useful indicator of a governmental organization’s financial position. At the close of the most recent fiscal year the District’s governmental liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$ 48,862,766); business type assets exceeded liabilities by \$ 6,694,732 during this period. For the two types of activities combined, the District’s total net position was (\$ 42,168,034), which exceeds last year’s balance of (\$ 10,751,420). The negative net position again is primarily due to our recording of the Kansas Public Employees Retirement System (KPERs) net pension noncurrent liability of \$ 149,798,454. Also impacting the FY-2018 net position is the implementation of GASB Statement No. 75, which requires state and local employers to also report their portion of the state’s postemployment benefits (i.e. death and disability) as a noncurrent liability in addition to impacting the District’s actuarial valuation of its health care OPEB plan. This totaled \$ 42,137,343 for FY-2018, an increase of over \$ 28 million from 2017. District employees are covered under the KPERs plan, and the State of Kansas makes all employer pension contributions on behalf of the District.

The noncurrent portion of the District's total assets reflects its investment in capital assets (e.g. land, buildings and equipment). The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

1. The District's total assets (net of accumulated depreciation) increased by \$ 6,675,725 during fiscal year 2018. This increase in total assets is due largely to continued spending on capital projects from prior bond issues.
2. The District's non-current liabilities increased substantially by \$ 32,886,557 (10.33%) during the year ended June 30, 2018. The increase is attributable to the net OPEB liability (District's portion of State KPERS death and disability insurance and the District's own health care OPEB plan at a total increase of \$ 28,310,966). General Obligation (GO) Bonds payable increased as a result of the issuance of the Series 2017A GO Bonds. Net pension liability experienced a decrease in 2018 (combined decrease of \$ 2,294,114).
3. Total liabilities increased by \$ 32,918,121 during the year ended June 30, 2018 for reasons noted in #2 above (increase in KPERS and District plan post-employment benefits liability reporting).
4. Combined current and non-current accrued compensated absences increased (5.3%) from \$ 2,486,226 in 2017 to \$ 2,618,415 at year ended June 30, 2018. All of the increase incurring in noncurrent accrued compensated absences.
5. The District's total liabilities for 2018 were approximately 1.20 times total assets compared with 1.12 for FY-2017. The recording of the KPERS net pension liability remains an important factor impacting this ratio. Removing the \$ 149,798,454 KPERS liability brings the total-liabilities-to-total-assets ratio down to 72%.
6. The District's bonded debt on June 30, 2018 was approximately 76.2% of capital assets (FY 2017 was 77.9%). The District's improved bonded-debt-to-capital-assets ratio is reflective of building remodels and additions being completed and realized as Capital Assets. The District's 2014 General Obligation bond issuance of \$ 143 million dollars provided one-to-one student computing, improved school safety District-wide and expanded the District's focus on advanced learning and careers initiative. The District has maintained Fitch AA and Moody's Aa3 ratings for its General Obligation bond debt.
7. The Statement of Activities provides further insight to the District's 2018 net position. The District's total revenues decreased by \$ 13,601,024 to \$ 189,586,006. The reduction can be attributed to a GASB 68 required entry of \$ 22,629,250 for FY-2017 recording the District's portion of bonds sold to fund the state KPERS program, no such bonds were issued FY-2018. The District also saw an increase in total expenses of \$ 7,974,133 to \$ 191,532,030. The above activities resulted in a decrease in net position before transfers of (\$ 1,946,024), which is a reduction compared to FY-2017 increase in net position before transfers number of \$ 19,629,133.

8. The Statement of Activities also reflects a stable picture in revenue from property tax collections: \$ 21,051,911 for FY-2018 versus 2017 collections of \$ 21,116,569. The small reduction is attributable to a slight decline in total mill levy rate of (.167) for FY-2018 (50.702) versus FY-2017 (50.869). Special Liability, and Bond Mill Rates were reduced for FY-2018 by approximately ½ Mill, with the Bond Fund being the largest portion of the reduced property tax number above (FY-2018 Mill 5.995 vs. FY-2017 Mil 6.415).
9. The District's current ratio was to 4.16 in 2018 compared to 4.45 in 2017. The strong current ratio again is attributed to the year-end cash and investments balance of \$ 25,530,904 in the Bond Fund. Backing out the FY-2018 Bond Fund balance, the District's current ratio remains relatively strong at 2.72 (7% increase over FY-2017). The current ratio is a measure of an entity's ability to meet current obligations on time and to have funds readily available for current and upcoming operations.
10. Another ratio similar to the current ratio is the "quick ratio". This ratio is similar to the current ratio but focuses more on cash and cash equivalents for the satisfaction of maturing debt. The District's Quick Ratio was 3.78 in 2018 compared to 4.04 in 2017. Backing out the Bond Fund cash balance, the District's Quick Ratio remains strong at 2.33. The ratio indicates the District has adequate cash or cash equivalents (not inventory) in excess of the amount needed to pay its currently maturing liabilities.

Fund Financial Statement Analysis

1. General: General Fund (State Code 06) budget authority for FY-2018 was based on legislation (SB-19) passed and implemented in the spring of 2017. Final FY-2018 Legal General Fund budget authority was \$ 96,794,581 (weighted state and Special Education aid ONLY; excludes KPERS State Aid of \$ 12,643,425 and no Fund Transfers to GF made FY18). FY-2017 Legal General Fund budget authority was \$ 100,500,152 (includes KPERS State Aid \$ 8,298,120, Reimbursements of \$ 382,912, New Facilities Weighting Aid of \$ 144,835, and Transfer of \$ 1,952,299). Backing out the Block Grant flow-through state aid (KPERS), reimbursements and transfers FY-2017 General State Aid equaled \$ 89,857,627, compared to FY-2018 \$ 96,794,581. The following is the District's audited "Full Time Equivalent" (F.T.E.) student enrollment numbers for the past five years (including 4-Yr. Old At-Risk & Virtual students); FY-2018 was 13,457 (Kindergarten = 1 FTE vs. .5 FTE prior 4 years), FY-2017 was 12,980 (due to change in Virtual FTE rules), FY-2016 was 13,413, FY-2015 was 13,294, FY-2014 was 13,192.

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for FY-2011. This adoption resulted in the Supplemental General Fund, Professional Development Fund, Summer School Fund, Pepsi Exclusivity Fund, Internal Service Reserve Fund, Sports Park Operations Fund, Payroll Liability Clearing Fund, Self-Insurance Reserve Fund, Risk Management Fund, and the Contingency Reserve Fund being combined with the General Fund on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. General Fund combining schedules are provided at the end of the financial statements. Because of the Block Grant funding law, the At-Risk, Bilingual and Vocational Education Funds are combined and reported in the General Fund (Balance Sheet Governmental Funds) as opposed to be listed as Special Revenue Funds.

Supplemental General Fund: In 2006, the Kansas Legislature increased the maximum level of budget authority in school districts' Supplemental General or Local Option Budget (LOB) Funds from 27% of the General Fund to 31% of the General Fund. Again, in 2014, legislation raised the allowable maximum to 33%. The District was able to pass a Resolution authorizing its LOB up to the 33% max. The District's Supplemental General Fund adopted authority was lowered to 31.58% for FY-2018 compared to 33.00% in FY-2017. The District's Legal Max Budget Authority for FY-2018 was \$ 33,600,000 compared to \$ 33,616,616 in FY-2017. Total expenditures and transfers were \$ 33,600,000 for FY-2018, up from FY-2017 of \$ 32,605,756. State aid for the Supplemental General Fund was \$ 19,666,330 for FY-2018, and the District received \$ 20,996,938 of LOB state aid FY-2017.

2. K-12 At-Risk Fund: Rules governing K-12 At-Risk dollars allow for carrying over unused funds from one fiscal year to another, the unused budget authority is allowed to remain in the fund for use in subsequent years. The District's K-12 At-Risk fund balance was \$ 4,362,032 at the end of fiscal year 2018. This amount of carryover was up \$ 2,185,236 from fiscal year 2017's carryover balance of \$ 2,176,796.
3. USDE Pass Through Fund: This fund was created to account for federal grants from USDE. Most of our federal grants operate on a reimbursement of expenditures method. This fund normally has a zero fund balance at the end of the fiscal year as grant revenue equals grant expenditures.
4. Special Education Fund: The State of Kansas increased funding for Special Education services for Fiscal Year 2011 and future years. Even with the state aid increase, the District transferred \$ 4,069,018 from its General Fund and \$ 11,637,836 from its Supplemental General Fund to the Special Education Fund during Fiscal Year 2018 (\$ 15,706,854 total) to cover the costs associated with providing required services (compared with \$ 12,348,715 in FY-2017). Expenditures increased by \$ 1,175,802 or 3.54% for FY-2018. The FY-2018 ending fund balance of \$ 6,211,475 was substantially higher (by \$ 1,355,417) from the fiscal year 2017 carryover balance of \$ 4,856,058. Maintaining a strong ending balance in FY-2108 may allow for fewer dollars needing transferred from General or Supplemental General during FY-2019. Special needs student FTE continues to grow faster than other District weighted student categories.
5. Capital Outlay Fund: The District's mill levy to support the operations of the Capital Outlay Fund was 7.858 mills for Fiscal Year 2018, a slight increase of .14 mils from 7.718 in FY- 2017. The Capital Outlay Fund supports building maintenance, remodel and repair projects, as well as District-wide technology initiatives. The fund's revenue stream for FY-2018 was again enhanced because of legislation passed in 2008 creating a state aid program to assist Kansas school districts in addressing their maintenance and repair needs. The Capital Improvement State Aid action of 2008 was subsequently suspended in 2009, and no Capital Outlay State Aid funds were distributed to schools until FY-15. The District received \$ 2,612,796 in this type of assistance from the State in FY-2018. Including encumbrances, the FY-2018 ending fund balance of \$ 8,183,573 was slightly higher by \$ 339,009 compared with FY-2017 ending fund balance of \$ 7,844,564.

A sample of the largest budgeted capital outlay maintenance and technology projects during FY-2018 are as follows:

Stout Window Replacement – 1013218	\$ 564,197
Topeka High Catwalk Improvements – 1012818	\$ 416,697
Topeka West High Leadership RM - 1038218	\$ 414,197
Whitson Roof Replacement - 1032618	\$ 189,197
Williams Floor Replacement Phase I- 1041518	\$ 189,197
Highland Park High Door Replacement - 1013918	\$ 149,197
Hummer Chemical RM Liner Replacement – 1022818	\$ 139,197
Topeka High Roof Replacement – 1012618	\$ 114,197
Meadows RTU Replacement - 1050118	\$ 114,197
Info Tech HVAC Replacement – 1060118	\$ 114,197
Topeka High Health Clinic Remodel – 1028218	\$ 109,197
Topeka West Cafeteria Floor Replacement - 1021518	\$ 109,197
Avondale East Boiler Replacement - 1010518	\$ 109,197
Linn Boiler Replacement – 1020518	\$ 109,197

Seventy (70) Major Maintenance projects with a total budgeted cost of \$ 5,000,000 were planned for FY-2018 - similar work for prior year FY-2017 was budgeted at \$ 4,000,000.

6. Bond Fund: In April of 2014, voters unanimously approved a ballot giving the District authorization to issue general obligation bonds in an amount not exceeding \$ 143,000,000. On July 8, 2014, the District issued \$ 110,000,000 of Series 2014A general obligation bonds to finance needed capital improvements. Interest rates on the bonds average 3.862% with a maturity date of September 1, 2044. At the same time the District issued \$ 8,160,000 of Series 2014B taxable general obligation bonds to retire certain outstanding general obligation bonds. Interest rates on the 2014B bonds range from 2.00% to 2.15% and the maturity date is August 1, 2020. On April 19, 2016 the District issued the final \$ 33,000,000 of its authorized General Obligation Bonds; the average interest rate for the 2016 issue was 3.124% (historically low bond rates) with a maturity date of September 1, 2044. As of June 30, 2018, the District issued Purchase Orders totaling \$ 126,170,861 utilizing Bond funds, or approximately 88% of the total bond issue of \$ 143 million dollars. For FY-2018 focus was on: completion of work on the old Capital City School building into the new Topeka Center for Advanced Learning and Careers (TCALC) and remodeling existing Shaner Elementary into the new Shaner Pre-K Learning Center.
7. The District's FY-2018 Textbook Revolving Fund net position of \$ 3,067,418 reflects an increase of \$ 1,743,542 from FY-2017. The increase reflects the District's realization that there are limits to the abilities of electronic devices to provide needed instructional materials and may return to some printed forms of instruction, particularly in the elementary grades.

8. Food Service Fund: The District's Food Service operation finished the year with a slight decrease in net position of \$ 137,984 (3.72%). The percentage of the Fund's student customers eligible for free or reduced cost meals for FY-2018 was 75.4% (KSDE School Finance Publications). As published by the Kansas Department of Education on 7/28/2017, the Reimbursement Rates for FY-2018 National School Lunch Program; free meals were reimbursed to the District at a rate of \$ 3.5625 (Federal \$ 3.23+ Cash-In-Lieu .2325 + .06) + (State of Kansas Reimbursement \$.04). Total operating costs were down 2.9% for FY-2018. Labor costs remained manageable; payments to employees for services were \$ 2,845,510 in FY-2018 vs. \$ 2,753,786 in FY-2017 (increase 3.3%). Payments to suppliers for goods and services decreased 6.29% (\$ 4,950,104 FY-2018 vs. \$ 5,282,449 FY-2017).

Budgetary Highlights

1. The District saw its adopted total state budget amount for all funds increase to \$ 215,359,244 (excludes transfers of \$ 53,472,927) in FY-2018 from \$ 205,097,226 (excludes Transfers of \$ 62,720,420) in FY-2017. The increase in net USD budget authority is largely attributable to the substantial decrease in transfers (\$ 9,247,493) and the increase in General Fund state aid per pupil of \$ 154 (Block Grant FY-2017 \$ 3,852 vs, FY-2018 SB-19 state aid per pupil of \$ 4,006): The substantial increase in state aid and the decrease in Transfers for FY-2018 is due to legislative changes to school funding. The new SB-19 school finance law restores weighted funding per pupil, and under the Block Grant, KPERS state aid was recorded in the General Fund (FY-16 & FY-2017) and then transferred to the KPERS Fund (51). For FY-2018, under SB-19, KPERS state aid is again reported directly as revenue to KPERS (51).
2. The District's Board passed Resolution 15-39 on June 16, 2015 adopting the ability to increase its local option budget authority by an additional 3% (from 30% to 33%). The adopted LOB percentage for the past three fiscal years is as follows: FY-2016 30%, FY-2017 33%, and FY-2018 31.58%. The increase in Base State Aid Per Pupil (BSAPP) for FY-2018 allowed the District to reduce its LOB percentage slightly and adequately fund all instructional programs.
3. The Kansas Supreme Court ruled in favor of schools in terms of equity in an ongoing school funding formula lawsuit. The court determined the new school finance formula SB-19 met constitutionality in terms of equity but indicated further funding was required to meet the test of adequacy.

Capital Assets and Debt Administration

1. The District's FY-2018 long-term bonded debt liability increased by \$ 7,209,678 from FY-2017; year-end bonded debt principal owed was \$ 158,215,000. The District's Bond & Interest / Debt Service Fund (Code 62) had a balance of \$ 15,983,694 at year-end.

As noted above, the District expended money on several major capital projects during the year. Please refer to the notes to the financial statements for information on capital assets.

This reports intent is to provide a detailed overview of USD 501's FY-2018 financial position. Please address any requests for information or questions concerning this report to the General Director of Fiscal Services, 624 SW 24th Street, Topeka, Kansas 66611-1294.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 87,272,771	\$ 6,064,185	\$ 93,336,956
Due from other governmental units	1,549,388	-	1,549,388
State aid receivables	7,520,922	-	7,520,922
Internal balances	(539)	539	-
Inventory of materials and supplies	68,659	334,755	403,414
Total current assets	96,411,201	6,399,479	102,810,680
Noncurrent assets:			
Capital assets not being depreciated	14,993,158	-	14,993,158
Capital assets, net of accumulated depreciation	195,456,428	782,055	196,238,483
Total noncurrent assets	210,449,586	782,055	211,231,641
Total assets	306,860,787	7,181,534	314,042,321
Deferred outflows of resources:			
Deferred outflows - OPEB	1,003,582	-	1,003,582
Deferred outflows - pension	30,882,559	-	30,882,559
Total deferred outflows of resources	31,886,141	-	31,886,141
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	9,596,160	414,094	10,010,254
Accrued interest payable	2,422,681	-	2,422,681
Estimated insurance claims	949,298	-	949,298
Payroll liabilities	7,461,023	-	7,461,023
Unearned revenue	163,289	72,708	235,997
General obligation bonds payable	2,505,000	-	2,505,000
Accrued compensated absences	1,118,320	-	1,118,320
Total current liabilities	24,215,771	486,802	24,702,573
Noncurrent liabilities:			
General obligation bonds payable, net	157,862,979	-	157,862,979
Accrued compensated absences	1,500,095	-	1,500,095
Net pension liability	149,798,454	-	149,798,454
Net OPEB liability	42,137,343	-	42,137,343
Total noncurrent liabilities	351,298,871	-	351,298,871
Total liabilities	375,514,642	486,802	376,001,444
Deferred inflows of resources:			
Deferred inflows - OPEB	780,328	-	780,328
Deferred inflows - pension	11,314,724	-	11,314,724
Total deferred inflows of resources	12,095,052	-	12,095,052
Net position:			
Net investment in capital assets	74,035,571	782,055	74,817,626
Restricted for:			
Debt service	13,561,013	-	13,561,013
Other	3,126,223	-	3,126,223
Unrestricted	(139,585,573)	5,912,677	(133,672,896)
Total net position	\$ (48,862,766)	\$ 6,694,732	\$ (42,168,034)

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants		Governmental Activities	Business-Type Activities	Total
			Federal Grants	Other Grants and Contributions			
Governmental activities:							
Instruction	\$ 106,308,336	\$ 1,548,439	\$ 18,666,008	\$ 13,137,452	\$ (72,956,437)		\$ (72,956,437)
Instructional support	6,261,782	-	-	-	(6,261,782)		(6,261,782)
Student support	22,136,054	-	-	-	(22,136,054)		(22,136,054)
General administration	7,361,971	-	-	-	(7,361,971)		(7,361,971)
School administration	9,467,328	-	-	-	(9,467,328)		(9,467,328)
Business support	7,167,762	-	-	-	(7,167,762)		(7,167,762)
Plant and maintenance	3,735,299	-	-	-	(3,735,299)		(3,735,299)
Transportation	5,067,800	-	-	-	(5,067,800)		(5,067,800)
Central support services	7,000,870	-	-	-	(7,000,870)		(7,000,870)
Other support	214,430	-	-	-	(214,430)		(214,430)
Student activities	491,543	-	-	-	(491,543)		(491,543)
Interest on long-term debt	5,854,106	-	-	-	(5,854,106)		(5,854,106)
Total governmental activities	181,067,281	1,548,439	18,666,008	13,137,452	(147,715,382)		(147,715,382)
Business-type activities:							
Textbook/study material revolving	1,279,196	259,884	-	6,130		\$ (1,013,182)	(1,013,182)
Food service	8,256,991	844,381	7,201,831	-		(210,779)	(210,779)
Other business-type activities	928,562	986,753	-	4,949		63,140	63,140
Total business-type activities	10,464,749	2,091,018	7,201,831	11,079		(1,160,821)	(1,160,821)
Total district (forward)	\$ 191,532,030	\$ 3,639,457	\$ 25,867,839	\$ 13,148,531	\$ (147,715,382)	\$ (1,160,821)	\$ (148,876,203)

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES
(Continued)

Year Ended June 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense) revenue and changes in net position brought forward	\$ (147,715,382)	\$ (1,160,821)	\$ (148,876,203)
General revenues:			
Property taxes	21,051,911	-	21,051,911
State aid	123,783,546	77,546	123,861,092
Other revenue from local sources	1,068,148	-	1,068,148
Interest and investment earnings	871,987	17,405	889,392
Gain on sale of capital assets	59,636	-	59,636
Transfers	(3,125,403)	3,125,403	-
Total general revenues	143,709,825	3,220,354	146,930,179
Change in net position	(4,005,557)	2,059,533	(1,946,024)
Net position, beginning of year as previously stated	(15,386,619)	4,635,199	(10,751,420)
Prior period adjustment	(29,470,590)	-	(29,470,590)
Net position, beginning of year as restated	(44,857,209)	4,635,199	(40,222,010)
Net position, end of year	\$ (48,862,766)	\$ 6,694,732	\$ (42,168,034)

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

	General*	Special Education
<u>ASSETS</u>		
Cash and investments	\$ 20,899,424	\$ 7,651,730
Restricted cash and investments	-	-
Due from other governmental units	-	-
State aid receivables	7,520,922	-
Inventory of materials and supplies	68,659	-
Total assets	\$ 28,489,005	\$ 7,651,730
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,933,186	\$ 1,440,255
Payroll liabilities	7,461,023	-
Unearned revenue	-	-
Total liabilities	12,394,209	1,440,255
Fund balances:		
Non-spendable:		
Inventories	68,659	-
Restricted	-	-
Assigned	11,659,416	6,211,475
Unassigned	4,366,721	-
Total fund balances	16,094,796	6,211,475
Total liabilities and fund balances	\$ 28,489,005	\$ 7,651,730

* See the General Fund Combining Balance Sheet on pages 99-102.

See accompanying notes to financial statements.

Capital Outlay	USDE Pass Through	Bond	Bond and Interest	Other Governmental Funds	Total Governmental Funds
\$ 8,664,501	\$ (270,270)	\$ 25,530,904	\$ 6,853,147	\$ 4,498,534	\$ 73,827,970
-	-	-	9,130,547	-	9,130,547
-	1,290,682	-	-	258,706	1,549,388
-	-	-	-	-	7,520,922
-	-	-	-	-	68,659
<u>\$ 8,664,501</u>	<u>\$ 1,020,412</u>	<u>\$ 25,530,904</u>	<u>\$ 15,983,694</u>	<u>\$ 4,757,240</u>	<u>\$ 92,097,486</u>
\$ 480,928	\$ 964,628	\$ 1,576,940	\$ -	\$ 200,223	\$ 9,596,160
-	-	-	-	-	7,461,023
-	55,784	-	-	107,505	163,289
<u>480,928</u>	<u>1,020,412</u>	<u>1,576,940</u>	<u>-</u>	<u>307,728</u>	<u>17,220,472</u>
-	-	-	-	-	68,659
-	-	23,953,964	15,983,694	3,126,223	43,063,881
8,183,573	-	-	-	1,323,289	27,377,753
-	-	-	-	-	4,366,721
<u>8,183,573</u>	<u>-</u>	<u>23,953,964</u>	<u>15,983,694</u>	<u>4,449,512</u>	<u>74,877,014</u>
<u>\$ 8,664,501</u>	<u>\$ 1,020,412</u>	<u>\$ 25,530,904</u>	<u>\$ 15,983,694</u>	<u>\$ 4,757,240</u>	<u>\$ 92,097,486</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balances - governmental funds		\$ 74,877,014
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$ 337,612,940 and the accumulated depreciation is \$ (127,163,354).		210,449,586
Internal service funds are used by the District to charge the costs of dental insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		3,364,417
Long-term liabilities, including bonds payable, and the related deferred inflows and outflows are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2018 are:		
General obligation bonds payable	\$ (158,215,000)	
Unamortized bond premium	(2,152,979)	
Accrued interest payable	(2,422,681)	
Accrued compensated absences (sick pay and vacation)	(2,618,415)	
Net OPEB liability	(42,137,343)	
Net pension liability	(149,798,454)	
Deferred outflows - OPEB	1,003,582	
Deferred inflows - OPEB	(780,328)	
Deferred outflows - pension	30,882,559	
Deferred inflows - pension	(11,314,724)	(337,553,783)
Total net position - governmental activities		\$ (48,862,766)

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	General*
Revenues:	
Property taxes	\$ 11,395,486
Local sources	25,000
Charges for services	351,304
State aid	101,166,843
Federal aid	-
Interest	17,165
Miscellaneous	505,897
	113,461,695
Expenditures:	
Instruction	55,981,471
Student support	4,797,040
Instructional support	3,160,339
General administration	1,920,239
School administration	8,749,958
Business support	1,596,145
Plant and maintenance	11,314,265
Transportation	2,905,717
Central support services	4,600,559
Other support	214,430
Student activities	(78,960)
On behalf expenditures:	
KPERs	-
Debt service:	
Principal	-
Interest and other charges	-
Site improvement	(289,819)
	94,871,384
Total expenditures	
Excess (deficiency) of revenues over expenditures	18,590,311
Other financing sources (uses):	
Bonds issued	-
Bond premium	-
Transfers in	-
Transfers out	(19,098,046)
Sale of capital assets	-
Insurance reimbursements	-
	(19,098,046)
Total other financing sources (uses)	
Net change in fund balances	(507,735)
Fund balance, beginning of year	16,602,531
Fund balance, end of year	\$ 16,094,796

* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on pages 103-106.

See accompanying notes to financial statements.

Special Education	Capital Outlay	USDE Pass Through	Bond	Bond and Interest	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,320,094	\$ -	\$ -	\$ 4,164,358	\$ 171,972	\$ 21,051,910
-	-	-	-	-	1,043,148	1,068,148
-	128,734	-	-	-	571,944	1,051,982
15,365,739	2,612,796	-	-	4,139,222	13,142,371	136,426,971
4,639,598	-	10,172,784	-	-	3,853,626	18,666,008
-	421,974	-	323,030	58,526	3,014	823,709
-	10	-	-	-	-	505,907
20,005,337	8,483,608	10,172,784	323,030	8,362,106	18,786,075	179,594,635
22,504,772	442,780	6,606,526	2,363,937	-	3,591,897	91,491,383
7,767,467	(374,147)	3,566,258	5,249,359	-	1,172,025	22,178,002
957,267	-	-	2,165,496	-	8,185	6,291,287
-	-	-	5,143,322	-	311,149	7,374,710
669,994	-	-	71,057	-	-	9,491,009
(7,954)	(81,974)	-	3,065,103	-	584,363	5,155,683
292,689	2,819,563	-	469,292	-	23,917	14,919,726
2,172,539	112,602	-	-	-	-	5,190,858
-	2,566,493	-	-	-	226,037	7,393,089
-	-	-	-	-	-	214,430
-	-	-	-	-	570,503	491,543
-	-	-	-	-	12,643,425	12,643,425
-	-	-	-	1,985,000	-	1,985,000
-	-	-	-	5,878,693	-	5,878,693
-	3,002,904	-	2,022,844	-	-	4,735,929
34,356,774	8,488,221	10,172,784	20,550,410	7,863,693	19,131,501	195,434,767
(14,351,437)	(4,613)	-	(20,227,380)	498,413	(345,426)	(15,840,132)
-	-	-	-	9,040,000	-	9,040,000
-	-	-	-	255,783	-	255,783
15,706,854	250,000	-	-	-	75,789	16,032,643
-	-	-	-	-	(60,000)	(19,158,046)
-	93,577	-	-	-	-	93,577
-	45	-	-	-	-	45
15,706,854	343,622	-	-	9,295,783	15,789	6,264,002
1,355,417	339,009	-	(20,227,380)	9,794,196	(329,637)	(9,576,130)
4,856,058	7,844,564	-	44,181,344	6,189,498	4,779,149	84,453,144
\$ 6,211,475	\$ 8,183,573	\$ -	\$ 23,953,964	\$ 15,983,694	\$ 4,449,512	\$ 74,877,014

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Net change in fund balances - governmental funds	\$ (9,576,130)
The change in net position reported for governmental activities in the statement of activities is different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$ 7,216,382 is less than capital outlays of \$ 21,004,484.	13,788,102
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(45,821)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,055,000)
Governmental funds report the effect of premiums, discounts and similar items when debt is issued. These amounts are deferred and amortized in the statement of activities.	(154,678)
Internal service funds are used by the District to charge the costs of dental insurance and worker's compensation insurance to individual funds.	967,157
Due to the difference between accrual and modified accrual basis of accounting some expenses recorded in the statement of activities are recorded in different periods in the governmental funds. These expenses include compensated absences, other post employment benefits, the net pension liability, and accrued interest payable.	<u>(1,929,187)</u>
Change in net position of governmental activities	<u>\$ (4,005,557)</u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	<u>Textbook/Study Material Revolving</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 3,114,904
Inventory of supplies and materials, at cost	313,224
Total current assets	3,428,128
Noncurrent assets:	
Furniture, fixtures and equipment	-
Less accumulated depreciation	-
Total noncurrent assets	-
Total assets	\$ 3,428,128
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Unearned revenue	\$ -
Accounts payable and accrued liabilities	360,710
Estimated insurance claims	-
Total liabilities	360,710
Net position:	
Investment in capital assets	-
Unrestricted	3,067,418
Total net position	3,067,418
Total liabilities and net position	\$ 3,428,128

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 2,903,724 21,531	\$ 45,557 -	\$ 6,064,185 334,755	\$ 4,314,254 -
<u>2,925,255</u>	<u>45,557</u>	<u>6,398,940</u>	<u>4,314,254</u>
3,285,091 (2,509,855)	14,547 (7,728)	3,299,638 (2,517,583)	- -
<u>775,236</u>	<u>6,819</u>	<u>782,055</u>	<u>-</u>
<u>\$ 3,700,491</u>	<u>\$ 52,376</u>	<u>\$ 7,180,995</u>	<u>\$ 4,314,254</u>
\$ 72,708 53,384 -	\$ - - -	\$ 72,708 414,094 -	\$ - - 949,298
<u>126,092</u>	<u>-</u>	<u>486,802</u>	<u>949,298</u>
775,236 2,799,163	6,819 45,557	782,055 5,912,138	- 3,364,956
<u>3,574,399</u>	<u>52,376</u>	<u>6,694,193</u>	<u>3,364,956</u>
<u>\$ 3,700,491</u>	<u>\$ 52,376</u>		<u>\$ 4,314,254</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

539

Net position of business-type activities

\$ 6,694,732

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended June 30, 2018

	Textbook/Study Material Revolving
Operating revenues:	
Charges for services	\$ 259,884
Other	6,130
Total operating revenues	266,014
Operating expenses:	
Instruction	1,285,767
Student support services	2,547
Business support	(9,160)
Central support services	-
Plant and maintenance	-
Depreciation	-
Transportation	-
Food service	-
Other	42
Total operating expenses	1,279,196
Operating income (loss)	(1,013,182)
Nonoperating revenues:	
Interest	6,724
State grants	-
Federal grants	-
Total nonoperating revenues	6,724
Income before transfers	(1,006,458)
Transfers in	2,750,000
Change in net position	1,743,542
Net position, beginning of year	1,323,876
Net position, end of year	\$ 3,067,418

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 844,381	\$ 986,753	\$ 2,091,018	\$ 2,890,867
-	4,949	11,079	496,457
844,381	991,702	2,102,097	3,387,324
-	-	1,285,767	-
1,913	-	4,460	-
185,057	(244)	175,653	925,790
-	-	-	1,523,078
98,632	38,520	137,152	-
86,178	1,455	87,633	-
1,184	-	1,184	589
7,845,269	726,445	8,571,714	3,558
54,190	162,386	216,618	-
8,272,423	928,562	10,480,181	2,453,015
(7,428,042)	63,140	(8,378,084)	934,309
10,681	-	17,405	48,278
77,546	-	77,546	-
7,201,831	-	7,201,831	-
7,290,058	-	7,296,782	48,278
(137,984)	63,140	(1,081,302)	982,587
-	375,403	3,125,403	-
(137,984)	438,543	2,044,101	982,587
3,712,383	(386,167)		2,382,369
\$ 3,574,399	\$ 52,376		\$ 3,364,956
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		15,432	
Change in net position of business-type activities		\$ 2,059,533	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2018

	Textbook/Study Material Revolving
Cash flows from operating activities:	
Received from user charges	\$ 259,884
Received from other sources	6,130
Payments to employees for services	(2,360)
Payments to suppliers for goods and services	(890,147)
Net cash provided by (used in) operating activities	(626,493)
Cash flows from noncapital financing activities:	
Transfers from other funds	2,750,000
Transfers to other funds	-
Nonoperating grants received	-
Net cash provided by noncapital financing activities	2,750,000
Cash flows from capital and related financing activities:	
Purchase of capital assets	-
Cash flows from investing activities:	
Interest received	6,724
Net increase in cash and cash equivalents	2,130,231
Cash and investments, beginning	984,673
Cash and investments, ending	\$ 3,114,904
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (1,013,182)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Inventory of supplies	25,979
Accounts payable	360,710
Estimated insurance claims	-
Net cash provided by (used in) operating activities	\$ (626,493)

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 844,381	\$ 986,753	\$ 2,091,018	\$ 2,890,867
-	4,949	11,079	496,457
(2,845,510)	(248,928)	(3,096,798)	(764,077)
(4,950,104)	(678,179)	(6,518,430)	(1,624,526)
(6,951,233)	64,595	(7,513,131)	998,721
-	457,403	3,207,403	-
-	(82,000)	(82,000)	-
7,261,314	-	7,261,314	-
7,261,314	375,403	10,386,717	-
(9,670)	-	(9,670)	-
10,681	-	17,405	48,278
311,092	439,998	2,881,321	1,046,999
2,592,632	(394,441)	3,182,864	3,267,255
\$ 2,903,724	\$ 45,557	\$ 6,064,185	\$ 4,314,254
\$ (7,428,042)	\$ 63,140	\$ (8,378,084)	\$ 934,309
86,178	1,455	87,633	-
337,247	-	363,226	-
53,384	-	414,094	-
-	-	-	64,412
\$ (6,951,233)	\$ 64,595	\$ (7,513,131)	\$ 998,721

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	<u>Agency</u>
Assets:	
Cash	<u>\$ 508,558</u>
Liabilities:	
Due to student organizations	<u>\$ 508,558</u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

1 - Summary of Significant Accounting Policies

The financial statements of Topeka Public Schools, Unified School District No. 501 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the District are described below.

Reporting Entity

Topeka Public Schools, Unified School District No. 501 is a municipal corporation governed by an elected seven-member board. In evaluating the District's financial reporting entity, management has considered all potential component units and has determined there are no component units over which the District is financially accountable. Financial accountability is based primarily on nonoperational or financial relationships with the District (as distinct from legal relationships). These financial statements include all the accounts for which the District is considered to be financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to students who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds even though the latter are excluded from the government-wide financial statements. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means the balance is collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the reporting period. Expenditures are recorded when the related fund liability is incurred, except for debt service payments, claims and judgments, and compensated absences, which are recognized as expenditures only when a payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources and uses.

The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

General Fund, which is used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.

Special Education Fund, which is used to account for the revenues and expenditures related to the education and services for special education within the District.

Capital Outlay Fund, which is used to account for revenues that are primarily utilized for the acquisition, construction, repair, and remodeling of the District's buildings.

USDE Pass Through Fund, which is used to account for the revenues and expenditures related to federal grants received from the United States Department of Education.

Bond Fund, which is used to account for the 2014 and 2015 bond proceeds that are primarily utilized for the constructing, renovating, improving, furnishing, and equipping certain new and existing District education facilities and storm shelter facilities, acquiring and installing new security system and lighting equipment and improvements in the District's school building and other facilities, and acquiring and installing certain technology enhancements throughout the District and its facilities.

Bond and Interest Fund, which is used to account for resources accumulated and payments made for principal and interest on long-term debt.

The District reports the following major enterprise funds:

Textbook/Study Material Revolving Fund, which was established pursuant to state law to account for all monies received and expended attributable to the District's textbook and study material programs.

Food Service Fund, which was established pursuant to state law to account for all monies received and expended attributable to the District's breakfast and lunch programs.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the District reports the following fund types:

Internal Service Funds account for prescription drug plans, dental insurance, and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

Agency Funds account for monies held for student organizations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to students for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expense transactions not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by unrestricted resources as needed.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Statement of Cash Flows

For the purposes of the statement of cash flows for the proprietary funds, cash and investments with an original maturity of three months or less are considered to be cash equivalents.

Inventory

Inventory is valued at the lower of cost, using the first-in, first-out (FIFO) method, or market. The cost is recorded as an expenditure at the time individual inventory items are purchased rather than when consumed.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Investments

Investments include U.S. Treasury securities and money deposited in the State of Kansas municipal Investment Pool (MIP). The U.S. Treasury securities and MIP are recorded at fair value. The fair value of the District's position in the MIP is the same as the value of the pool shares.

Capital Assets

Capital assets, which include land, buildings, furniture, vehicles, fixtures, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The term capital assets includes tangible assets such as property, plant, and equipment as well as intangible assets such as easements, water rights, and software. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. The District does not capitalize interest on the construction of capital assets.

The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. The following table represents the District's capitalization thresholds and standards for useful lives of capital assets:

Asset Type	Capitalization Threshold	Useful Life
Buildings and Improvements	\$ 50,000	40 years
Land and Improvements	50,000	40 years
Vehicles	2,500	15 years
Furniture	2,500	10 years
Equipment	2,500	10 years
Computers	2,500	6 years
Video and Television Equipment	2,500	6 years
Intangibles - Software	100,000	8 years
Intangibles - Other	100,000	0-40 years

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

Under the terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum of one and one-half years' vacation.

Employees are only compensated for unused sick leave upon death or retirement. The maximum amount of sick leave for which an employee may be compensated depends upon the individual's length of service but cannot exceed sixty days.

In the government-wide and proprietary financial statements, vacation leave is accrued when incurred and sick leave is accrued upon attaining eligibility for retirement. Liabilities for these amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

The District's net position is classified as follows:

Net investment in capital assets – This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net position – This includes resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted net position – This includes resources derived from charges for services, property taxes, state appropriations, and interest. The resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the Board of Education to meet current expenses in accordance with approved budgets.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds are made up of the following:

Non-spendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (for example: inventories, prepaid amounts, and long-term notes receivable).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance includes amounts that can only be used for specific purposes determined by formal action, such as a resolution, of the District’s highest level of decision-making authority, the District’s Board. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District’s Board, or (b) a body or official to whom the District’s Board has delegated the authority to assign amounts to be used for specific purposes (General Director of Fiscal Services).

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the following order: restricted, committed, assigned, and unassigned.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and, therefore, will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. The items are the deferred outflows of resources – pension and deferred outflows of resources – OPEB. See Note 8 for more information on the deferred outflows of resources – pension and Note 9 for more information on the deferred outflows of resources – OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category - deferred inflows of resources – pension and deferred inflows of resources – OPEB. See Note 8 for more information on the deferred inflows of resources – pension and Note 9 for more information on the deferred inflows of resources – OPEB.

Pensions

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERs) and additions to/deductions from KPERs' fiduciary net position have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Prior Period Adjustments

Beginning net position on the statement of revenues, expenses and changes in net position was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The effect of this restatement on the beginning net position was a decrease of \$ (29,470,590), which resulted from the OPEB liability being increased by \$ 29,470,590. There was no effect on current or prior-year revenues or expenditures as a result of this adjustment.

Pending Governmental Accounting Standards Board Statements

At June 30, 2018, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the District. The statements that might impact the District are as follows:

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Budgetary Basis of Accounting

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The District had no amendments to the budget for the fiscal year ended June 30, 2018.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are usually evidenced by a purchase order or written contract.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Budgetary Basis of Accounting (Continued)

The following governmental and proprietary funds have annual budgets that are legally adopted:

General	Professional Development	Virtual Education
Supplemental General	Capital Outlay	Parent Education
Special Education	Special Liability	At-Risk (K-12)
Food Service	KPERS Special Retirement	At-Risk (4 year old)
Federal Grants	Contribution	Summer School
Bilingual Education	Gifts and Grants	Vocational Education
Adult Basic Education	Bond and Interest	Contingency Reserve

The following governmental and proprietary funds do not require a legally adopted annual budget:

Self-Insurance Reserve	Risk Management	Payroll Liability Clearing
Workers' Compensation	Textbook/Study Material	Internal Service Reserve
Dental Self-Insurance	Revolving	Meals on Wheels
All District Activity Funds	Sports Park Operations	Kanza Café
USDE Pass Through	Bond Fund	
Pepsi Exclusivity	Flex 125 Spending	

3 - Cash and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an adequate rate of return on funds.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Cash and Investments (Continued)

Credit risk. Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool (the MIP), and U.S. treasury bills and notes. The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is shown as cash and investments. In addition, certain cash and investments are separately held by some of the District's funds. At June 30, 2018 and throughout the year ended June 30, 2018, the District's cash and investments included certificates of deposit, U.S. government securities and the MIP. The MIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The District's investments in the MIP were not rated by a rating agency as of June 30, 2018.

The credit rating for the U.S. government securities at June 30, 2018 is AA+ (Standard & Poors). Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion.

Fair Value Measurement – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2018, the U.S. government securities were valued with significant other observable inputs (Level 2). Fair value measurement hierarchy information is not provided for the MIP which is considered a cash equivalent, as all of the District's funds are invested in the overnight pool.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Cash and Investments (Continued)

Custodial credit risk – deposits and investments. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes require that deposits and investment be collateralized and that collateral pledged must have a fair market value equal to 100% of the deposits (less insured amounts) and deposits and investments must be assigned for the benefit of the District. At June 30, 2018, the District’s deposits were not exposed to custodial credit risk.

Interest rate risk. Interest rate risk is the risk that changes in the interest rates may adversely affect the investment’s fair value. The District does not have a policy to address interest rate risk. The District is not exposed to significant interest rate risk.

As of June 30, 2018, maturities of the District’s investments are as follows:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury securities	\$ 9,130,537	\$ 48,716	\$ 9,081,831	\$ -	\$ -
Municipal Investment Overnight Pool	73,630,641	73,630,641	-	-	-
	<u>\$ 82,761,178</u>	<u>\$ 73,679,357</u>	<u>\$ 9,081,831</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of credit risk. The District’s investment policy does not place any limitations on the percentage of the District’s total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds.

4 - Tax Revenue, Taxes Receivable and Tax Abatements

In accordance with Kansas statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. The District’s property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the District. Property taxes are due in total by December 20 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Tax Revenue, Taxes Receivable and Tax Abatements (Continued)

Assessed values are established by the Shawnee County appraiser's office. The assessed valuation at January 1, 2017 of the tangible, taxable property for purposes of local taxation was \$ 559,780,720 for the general fund and \$ 633,380,170 in total.

The tax levy per \$ 1,000 of the November 1, 2017 levy of tangible, taxable property levied for district taxation was as follows by fund:

General	\$ 20.000
Supplemental general	16.609
Capital outlay	7.858
Debt service	5.995
Special liability	0.240
	\$ 50.702
	\$ 50.702

Tax Abatements

The City of Topeka, Kansas and Shawnee County, Kansas enter into property tax abatement and rebate agreements with local businesses and entities for the purpose of attracting and improving business and neighborhood conditions within their jurisdictions. These agreements affect local municipalities, including the District. For the fiscal year ended June 30, 2018, abated or rebated property taxes not distributed to the District because of such agreements, totaled \$ 1,719,526 (includes economic development, IRB exemptions of \$ 771,091 and NRA property tax exemptions of \$ 948,435). One-hundred and forty-three (143) parcels made up the total rebated amount, including the following that exceeded 10 percent of the total amount abated:

- An IRB exemption to a large medical care provider. The District's portion of the abatement amounted to \$ 764,151.
- An NRA property tax rebate to a large retailer. The District's portion of the rebate amounted to \$ 217,650.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities				
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
<u>Capital assets, not being depreciated:</u>				
Land	\$ 6,623,440	\$ -	\$ -	\$ 6,623,440
Construction in progress	55,373,819	18,410,665	(65,414,766)	8,369,718
Total capital assets, not being depreciated	61,997,259	18,410,665	(65,414,766)	14,993,158
<u>Capital assets, being depreciated:</u>				
Buildings	226,184,410	65,943,539	-	292,127,949
Furniture, fixtures and equipment	28,813,628	2,065,046	(386,841)	30,491,833
Total capital assets, being depreciated	254,998,038	68,008,585	(386,841)	322,619,782
Less accumulated depreciation	(120,287,992)	(7,216,382)	341,020	(127,163,354)
Total capital assets, being depreciated, net	134,710,046	60,792,203	(45,821)	195,456,428
	<u>\$ 196,707,305</u>	<u>\$ 79,202,868</u>	<u>\$ (65,460,587)</u>	<u>\$ 210,449,586</u>
Business-Type Activities				
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
<u>Capital assets, being depreciated:</u>				
Furniture, fixtures and equipment	\$ 3,298,580	\$ 10,858	\$ (9,800)	\$ 3,299,638
Less accumulated depreciation	(2,438,562)	(87,633)	8,612	(2,517,583)
	<u>\$ 860,018</u>	<u>\$ (76,775)</u>	<u>\$ (1,188)</u>	<u>\$ 782,055</u>

TOPEKA PUBLIC SCHOOLS
 UNIFIED SCHOOL DISTRICT NO. 501
 TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
 (Continued)

5 - Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 994,278
Student support	9,894
Instructional support	9,486
General administration	805
School administration	7,413
Support services	2,078,847
Transportation	46,829
Plant and maintenance	3,473,520
Central support services	595,310
	9,995,522

Total depreciation expense - governmental activities	\$ 7,216,382
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Business-type activities:

Food service	\$ 86,178
Other proprietary funds	1,455
	87,633

	\$ 87,633
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TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance July 1, 2017	Prior Period Adjustment	Balance July 1, 2017 as Restated	Additions	Reductions	Balance June 30, 2018	Due Within One Year
General obligation bonds paid with ad valorem taxes	\$ 151,160,000	\$ -	\$ 151,160,000	\$ 9,040,000	\$ 1,985,000	\$ 158,215,000	\$ 2,505,000
Add unamortized premium on bonds						2,152,979	
						\$ 160,367,979	
Net OPEB liability	\$ 13,826,377	\$ 29,470,590	\$ 43,296,967	\$ 3,502,840	\$ 4,662,464	\$ 42,137,343	\$ -
Compensated absences	\$ 2,486,226	\$ -	\$ 2,486,226	\$ 1,250,509	\$ 1,118,320	\$ 2,618,415	\$ 1,118,320
Net pension liability	\$ 152,092,568	\$ -	\$ 152,092,568	\$ -	\$ 2,294,114	\$ 149,798,454	\$ -

For governmental activities, the general fund is typically used to liquidate post-employment benefits and compensated absences.

General Obligation Bonds

General obligation bonds consisted of the following at June 30, 2018:

Series	Date Issued	Final Scheduled Maturity	Original Principal Amount	Principal Amount Outstanding June 30, 2018	Interest Ranges
2014A	7/8/2014	9/1/2044	\$ 110,000,000	\$ 110,000,000	3.75% to 5.00%
2014B	7/8/2014	8/1/2020	8,160,000	6,175,000	2.00% to 2.15%
2016A	4/19/2016	8/1/2044	33,000,000	33,000,000	2.00% to 4.00%
2017A	11/21/2017	8/1/2028	9,040,000	9,040,000	2.50%
			\$ 160,200,000	\$ 158,215,000	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Liabilities (Continued)

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for the bonds are as follows:

Year	Principal	Interest	Total
2019	\$ 2,505,000	\$ 5,858,901	\$ 8,363,901
2020	2,555,000	5,803,376	8,358,376
2021	2,615,000	5,742,451	8,357,451
2022	2,980,000	5,639,476	8,619,476
2023	3,175,000	5,494,601	8,669,601
2024 - 2028	24,600,000	25,025,878	49,625,878
2029 - 2033	27,620,000	19,832,340	47,452,340
2034 - 2038	31,505,000	14,371,605	45,876,605
2039 - 2043	40,965,000	7,660,491	48,625,491
2044 - 2048	19,695,000	722,250	20,417,250
Total	<u>\$ 158,215,000</u>	<u>\$ 96,151,369</u>	<u>\$ 254,366,369</u>

Issued and Defeased Bonds

During the year ended June 30, 2018, the District issued \$ 9,040,000 of general obligation refunding bonds (Series 2017A) to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for \$ 8,905,000 future debt service payments related to its Series 2014A general obligation bonds and \$ 1,060,944 future debt service payments related to its Series 2017A general obligation bonds. However, the Series 2014A bond principal payments are not considered to be defeased until the crossover date of August 1, 2022, the redemption date for the August 1, 2026; August 1, 2027; and August 1, 2028 bond payments, since they were refunded through a crossover refunding transaction. Because there is no defeasance in such a transaction until the crossover date, the assets held in trust by the escrow agent are reported in the bond and interest fund as restricted cash and investments in the amount of \$ 9,130,547. The refunded bonds are reported in long-term liabilities until the crossover date. The transaction resulted in an economic gain of \$ 453,995 and a reduction of approximately \$ 530,050 in future debt service payments.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Liabilities (Continued)

Bonded Indebtedness Limitation

Kansas statutes restrict the level of the authorized and outstanding bonded indebtedness of the District to not more than 14% of the assessed value of tangible, taxable property within the District.

At June 30, 2018, based upon the assessed valuation of \$ 633,380,170, the general obligation limit was \$ 88,673,224. The District's bonded indebtedness totaled \$ 158,215,000 less \$ 15,983,694 available in the bond and interest fund, resulting in a general obligation debt margin of \$ (53,558,082). The District obtained a waiver to exceed the general obligation debt limit for the Series 2016A bond issuance.

7 - Cash Deficits

The District expended monies in excess of available cash in the General Fund and Supplemental General Fund. This was a result of the State of Kansas failing to make its final state aid payments before June 30, 2018. The District was instructed by the State Department of Education to expend the authorized budget for the year ended June 30, 2018 in accordance with Senate Bill 4. The balance of monies due the District from the State was received in July 2018. The District expended monies in excess of available cash in the USDE Passthrough Fund and various non-major grant funds. This was the result of timing of reimbursements received from grantors.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

The 2012 Legislature made changes affecting new hires, current members and employees. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01%, respectively, for the fiscal year ended June 30, 2018.

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2018, received as of June 30th was \$ 446,603,946.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$ 64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The first year payment of \$ 6.4 million dollars was received in July 2017.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$ 12,643,425.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$ 149,798,454 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The District's proportion of the collective net pension liability was based on the ratio of the District's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School group within KPERS for the fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017 the District's proportion was 2.229486%, which was a decrease of .033439% from its proportion measured as of June 30, 2016.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$ 15,685,443. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 7,449,861
Net difference between projected and actual earnings on pension plan investments	3,212,646	-
Change of assumptions	7,072,998	198,300
Changes in proportionate share	8,014,830	3,666,563
District contributions subsequent to measurement date	<u>12,582,085</u>	<u>-</u>
Total	<u>\$ 30,882,559</u>	<u>\$ 11,314,724</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 12,582,085 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 302,439
2020	4,541,259
2021	2,680,507
2022	(827,806)
2023	289,351
	\$ 6,985,750

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.00 percent
Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Combined Mortality Tables with future mortality improvements based on Scale MP-2016.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	-0.25%
Total	100%	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the collective net pension liability	\$ 199,714,808	\$ 149,798,454	\$ 107,678,442

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits

Plan Description. The District offers postemployment benefits to retired employees. The benefits are provided through a single employer defined benefit postemployment plan administered by the District. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The District's employee benefit plan provides the same medical, pharmacy, and dental benefits to eligible retirees and their dependents as it does to active employees, until age 66 for administrators and age 65 for all other retirees. In addition, the District provides an early retirement incentive to eligible employees who retire before age 65 and a life insurance benefit through age 66 for administrators. The District pays the equivalent of the base plan premiums on behalf of retirees, and the retirees who have chosen the buy-up plan pay any additional cost of the plan. Covered spouses pay 100% of their premiums. Full-time employees are eligible to retire at age 60 with at least 10 years of service with the District. Part-time employees are eligible to retire at age 60 with at least 15 years of service. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at 65. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

As of June 30, 2018, the District has approximately 232 employees who are eligible to receive early retirement benefits. The benefits vary based on employee classification. Classified employees receive \$ 260 per month in cash and \$ 513 per month in health and dental insurance coverage until their sixty-fifth (65) birthday. Certified employees receive one-third of the certified base salary monthly, which is one-third of the base salary of a beginning professional employee in effect at the time the retirement commences, and \$ 513 per month in health and dental insurance coverage until their sixty-fifth (65) birthday. Administrators receive \$ 1,250 per month in cash and \$ 513 per month in health and dental insurance coverage plus \$ 13 for life insurance premiums per month. The District's contributions are financed on a pay-as-you-go basis. During the year ended June 30, 2018, payments to early retirees along with insurance benefits totaled approximately \$ 2,958,806. These amounts are reflected in general fund instruction and support services expenditures.

Funding Policy. The District provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

The District appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In fiscal year 2018, the District contributed \$ 3,528,898 to the plan.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	1,211
Active employees	197
	1,408

Total OPEB Liability. The District's total OPEB liability of \$ 39,770,511 was measured as of June 30, 2018, and was determined by an actuarial valuation performed with a measurement date of July 1, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the actuarial valuation with a measurement date of June 30, 2017 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual entry age normal as a level percentage of payroll
Discount rate	3.10 percent, based on the S&P Municipal Bond 20 Year High Grade Rate Index
Annual wage increases	4.00 percent per year
Price inflation	2.50 percent
Mortality	<i>Pre-retirement Healthy</i> Male: 80% of RP-2014 M with White Collar Adjustment Female: 80% of RP-2014 F with White Collar Adjustment <i>Post-retirement Healthy</i> Male: RP-2014 M with White Collar Adjustment Female: RP-2014 F with White Collar Adjustment <i>Disabled</i> RP-2014 Disabled Life Table Margin for mortality improvements: Scale MP-2016, fully generational

TOPEKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

Annual Healthcare Trend

Years after Valuation	Medical & Pharmacy		Dental
	Baseline	Adj for "Cadillac" Excise Taxes	
1	9.00 %	9.00 %	4.50 %
2	8.50	8.50	4.50
3	8.00	8.00	4.50
4	7.50	12.00	4.50
5	7.00	9.25	4.50
6	6.50	8.50	4.50
7	6.00	7.75	4.50
8	5.50	7.00	4.50
9	5.00	5.75	4.50
10+	4.50	5.00	4.50

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index.

Changes in Total OPEB Liability.

	Total OPEB Liability
Balance at June 30, 2017	\$ 40,878,303
Changes for the year:	
Service cost	1,983,181
Interest	1,243,268
Net benefits paid by employer	(3,528,898)
Changes in assumptions and inputs	(805,343)
Net changes	(1,107,792)
Balance at June 30, 2018	\$ 39,770,511

Changes of assumptions and other inputs reflect a change in the discount rate from 3.75 percent in 2017 to 3.10 percent in 2018.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.10 percent) or 1-percentage-point higher (4.10 percent) than the current discount rate:

	1% Decrease (2.10%)	Discount Rate (3.10%)	1% Increase (4.10%)
Total OPEB liability	\$ 42,531,841	\$ 39,770,511	\$ 37,166,737

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (8.00%)	Healthcare Cost Trend Rates (9.00%)	1% Increase (10.00%)
Total OPEB liability	\$ 37,252,393	\$ 39,770,511	\$ 42,713,737

OPEB Expense and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the District recognized OPEB expense of \$ 3,125,275. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following source:

	Deferred Inflows of Resources
Changes in assumptions	\$ (704,169)

TOPEKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (101,174)
2020	(101,174)
2021	(101,174)
2022	(101,174)
2023	(101,174)
Thereafter	(198,299)
	\$ (704,169)

Disability Benefits and Life Insurance

Plan Description. The District participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

TOPEKA PUBLIC SCHOOLS
 UNIFIED SCHOOL DISTRICT NO. 501
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NOTES TO BASIC FINANCIAL STATEMENTS
 (Continued)

9 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

The monthly long-term disability benefit is 60 percent of the member’s monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member’s 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member’s annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms. The District has the following employees covered by the Plan as of June 30, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	2,389
	2,416
	2,416

Total OPEB Liability. The District’s total OPEB liability of \$ 2,366,832 reported as of June 30, 2018 was measured as of June 30, 2017 (the measurement date), and was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Price inflation	2.75%
Wage inflation	2.75%
Salary increases	3.50%, including wage increases
Discount rate	3.58%, based on the 20-year municipal bond rate with an average rating of AA/Aa or better, obtained from the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates used for the death benefits were based on the RP-2014 White Collar Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2017.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 – June 30, 2016.

Changes in Total OPEB Liability.

Balance at June 30, 2017	\$ 2,418,664
Changes for the year:	
Service cost	205,058
Interest on total OPEB liability	71,333
Changes in assumptions or other inputs	(84,933)
Benefit payments	<u>(243,290)</u>
Net changes	<u>(51,832)</u>
Balance at June 30, 2018	<u><u>\$ 2,366,832</u></u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.58%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 2,481,761	\$ 2,366,832	\$ 2,255,451

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the District recognized OPEB expense of \$267,617.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ (76,159)
Benefit payments subsequent to the measurement date	1,003,582	-
Total	\$ 1,003,582	\$ (76,159)

TOPEKA PUBLIC SCHOOLS
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TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 1,003,582 consists of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2019	\$	(8,774)
2020		(8,774)
2021		(8,774)
2022		(8,774)
2023		(8,774)
Thereafter		(32,289)
	\$	(76,159)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Interfund Transactions

A summary of transfers for the year is as follows:

Transfers to	Transfers from		Total
	Governmental Funds		
	General Fund	Other Nonmajor Funds	
Governmental funds:			
Special education	\$ 15,706,854	\$ -	\$ 15,706,854
Capital outlay	250,000	-	250,000
Other nonmajor funds	75,789	-	75,789
Proprietary funds:			
Textbook/study material revolving	2,750,000	-	2,750,000
Other nonmajor funds	315,403	60,000	375,403
	<u>\$ 19,098,046</u>	<u>\$ 60,000</u>	<u>\$ 19,158,046</u>

Transfers are used to move unrestricted monies to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grants and to close out finished capital project funds.

11 - Commitments and Contingencies

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions; errors and omission; injuries to employees and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than those relating to workers' compensation and dental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Commitments and Contingencies (Continued)

Self-Insurance Funds

The District has established internal service funds for self-insured worker's compensation and dental insurance. The worker's compensation program began in July 1993, and the dental insurance program began in September 2005.

Funds are accumulated for payment of claims and insurance premiums through charges to the District's funds. Currently, the District is funding the worker's compensation reserve fund with annual contributions. The dental self-insured fund is funded with contributions made during each payroll period from the employer and the employees. All plans are administered by a third party, which accumulates claims. During 2018, the District's maximum responsibility for payment of worker's compensation benefits was \$ 500,000 per occurrence (\$ 1,000,000 in aggregate). The District's maximum responsibility for payment of dental insurance benefits was \$ 1,500 per employee per year. The District purchases commercial insurance for claims in excess of the maximum and for all other risks of loss. The claims liability at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability of \$ 949,298 is included in the governmental activities column of the statement of net position as estimated insurance claims. Changes in the claims liability for the years ended June 30, 2018 and 2017 were:

	Beginning of Year Liability	Change in Estimate	Claims and Premium Payments	End of Year Liability
2018	\$ 884,886	\$ 632,413	\$ 568,001	\$ 949,298
2017	\$ 858,883	\$ 617,441	\$ 591,438	\$ 884,886

No amounts have been reflected in the financial statements for dental insurance claims liability as of June 30, 2018.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Commitments and Contingencies (Continued)

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenditures, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to not be material to the financial statements.

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Encumbrances

The District uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At June 30, 2018, the District's recorded encumbrances in governmental funds were as follows:

General	\$ 1,353,335
Capital outlay	4,075,204
Special education	102,665
Bond	5,805,252
Other nonmajor governmental funds	<u>71,020</u>
	<u>\$ 11,407,476</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Commitments and Contingencies (Continued)

Project authorizations compared with expenditures to date for significant projects open at year-end are as follows:

	Expenditures to Date	Project Authorization
Projects in process:		
Bishop Professional Development Center	\$ 546,660	\$ 9,561,419
Storm Shelter Additions - HPC & Hope St	2,979,751	2,908,713
Shaner Remodel	3,868,988	4,437,312
AC in Server Room	800	89,825
Main Door Replacement	-	234,851
Replace Elevator Cylinder	-	59,993
Roof Replacement	-	150,360
Gym Door Replacement	-	69,455
Health Clinic	88,764	206,191
Tennis Court Restoration	-	102,758
Replace Tennis Court	-	105,058
RTU Replacement	3,500	76,394
Remodel Computer Room	56,440	103,700
Asphalt Replacement	-	54,076
Tie Media Center Main System	3,500	84,760
Fench Replacement	-	67,400
RTU Replacement	135,437	180,290
Paint School - Phase 1	-	51,000
Kitchen Modication/Remodel	58,770	159,600
Window Replacement	320,680	617,054
Roof Replacement	117,229	199,557
Floor Replacement - Phase 1	176,200	284,629
Boiler Replacement	6,500	102,040
Boiler Replacement	6,500	104,211
	\$ 8,369,719	\$ 20,010,646

REQUIRED SUPPLEMENTARY INFORMATION

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	General			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 98,747,418	\$ 98,747,418	\$ 96,447,345	\$ (2,300,073)
Reimbursed expenses	-	-	342,047	342,047
Total revenues	<u>98,747,418</u>	<u>98,747,418</u>	<u>96,789,392</u>	<u>(1,958,026)</u>
Expenditures and transfers out subject to budget:				
Current:				
Instruction	34,215,995	34,215,995	26,249,325	(7,966,670)
Support services	36,732,171	36,732,171	32,517,922	(4,214,249)
Transfers out	27,799,252	27,799,252	38,007,334	10,208,082
Budget adjustment to comply with legal max	-	(1,933,710)	-	1,933,710
Total expenditures and transfers out subject to budget	<u>98,747,418</u>	<u>96,813,708</u>	<u>96,774,581</u>	<u>(39,127)</u>
Expenditures not subject to budget:				
Reimbursed expenses	-	-	362,047	362,047
Total expenditures	<u>98,747,418</u>	<u>96,813,708</u>	<u>97,136,628</u>	<u>322,920</u>
Excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out	-	1,933,710	(347,236)	<u>\$ (2,280,946)</u>
Fund balances, beginning of year, budget basis	-	-	(5,410,771)	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ 1,933,710</u>	<u>(5,758,007)</u>	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2018			5,758,007	
Plus inventories at June 30, 2018			68,659	
Plus encumbrances outstanding at June 30, 2018			<u>1,020,436</u>	
Fund balance on the basis of GAAP - General Fund only			1,089,095	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Supplemental general			25,350	
At risk 4 year-old			600,136	
At risk K - 12			4,362,032	
Bilingual education			1,235,818	
Vocational education			1,161,822	
Professional development			369,102	
Summer school			305,221	
Contingency reserve			4,282,788	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Pepsi exclusivity			85,243	
Internal service reserve			-	
Sports park operations			822,109	
Payroll liability clearing			-	
Self-insurance reserve			935,042	
Risk management reserve			821,038	
			<u>\$ 16,094,796</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Supplemental General			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues and transfers in:				
Taxes:				
In process	\$ 603,497	\$ 603,497	\$ 224,336	\$ (379,161)
Current	11,377,639	11,377,639	10,923,238	(454,401)
Delinquent	137,686	137,686	247,912	110,226
State Aid	20,311,159	20,311,159	20,033,132	(278,027)
Transfers from other funds	787,500	787,500	1,085,336	297,836
Total revenues and transfers in	<u>33,217,481</u>	<u>33,217,481</u>	<u>32,513,954</u>	<u>(703,527)</u>
Expenditures and transfers out:				
Current:				
Instruction	3,456,094	3,456,094	1,956,967	(1,499,127)
Support services	4,470,231	4,470,231	4,021,889	(448,342)
Transfers out	25,673,675	25,673,675	27,621,144	1,947,469
Total expenditures and transfers out	<u>33,600,000</u>	<u>33,600,000</u>	<u>33,600,000</u>	<u>-</u>
Deficiency of revenues and transfers in under expenditures and transfers out	(382,519)	(382,519)	(1,086,046)	<u>\$ (703,527)</u>
Fund balances, beginning of year, budget basis	1,452,848	1,452,848	(676,869)	
Fund balances, end of year, budget basis	<u>\$ 1,070,329</u>	<u>\$ 1,070,329</u>	(1,762,915)	
Reconciliation to GAAP				
Plus receivables at June 30, 2018			1,762,915	
Plus encumbrances outstanding at June 30, 2018			25,350	
Fund balance on the basis of GAAP			<u>\$ 25,350</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	At-Risk 4 Year Old			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 32,048	\$ 32,048	\$ 5,220	\$ (26,828)
Expenditures:				
Current:				
Instruction	1,478,447	1,478,447	1,090,337	(388,110)
Support services	31,919	31,919	156	(31,763)
Total expenditures	<u>1,510,366</u>	<u>1,510,366</u>	<u>1,090,493</u>	<u>(419,873)</u>
Deficiency of revenues under expenditures	(1,478,318)	(1,478,318)	(1,085,273)	393,045
Other financing sources:				
Transfers in	<u>1,258,499</u>	<u>1,258,499</u>	<u>1,458,499</u>	<u>200,000</u>
Excess of revenues and other financing sources over expenditures	(219,819)	(219,819)	373,226	<u>\$ 593,045</u>
Fund balances, beginning of year, budget basis	<u>219,819</u>	<u>219,819</u>	<u>219,820</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>593,046</u>	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			<u>7,090</u>	
Fund balance on the basis of GAAP			<u>\$ 600,136</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS
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TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	At-Risk K - 12			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 21,917,694	\$ 21,917,694	\$ 21,616,345	\$ (301,349)
Support services	372,542	372,542	406,491	33,949
Total expenditures	<u>22,290,236</u>	<u>22,290,236</u>	<u>22,022,836</u>	<u>(267,400)</u>
Other financing sources:				
Transfers in	<u>20,113,816</u>	<u>20,113,816</u>	<u>24,208,449</u>	<u>4,094,633</u>
Excess (deficiency) of other financing sources over (under) expenditures	<u>(2,176,420)</u>	<u>(2,176,420)</u>	<u>2,185,613</u>	<u>\$ 4,362,033</u>
Fund balances, beginning of year, budget basis	<u>2,176,420</u>	<u>2,176,420</u>	<u>2,176,419</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>4,362,032</u>	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			<u>-</u>	
Fund balance on the basis of GAAP			<u>\$ 4,362,032</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Bilingual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 3,435,735	\$ 3,435,735	\$ 3,089,684	\$ (346,051)
Support services	1,117,725	1,117,725	986,790	(130,935)
Total expenditures	4,553,460	4,553,460	4,076,474	(476,986)
Other financing sources:				
Transfers in	3,855,027	3,855,027	4,605,027	750,000
Excess (deficiency) of other financing sources over (under) expenditures	(698,433)	(698,433)	528,553	\$ 1,226,986
Fund balances, beginning of year, budget basis	698,433	698,433	698,433	
Fund balances, end of year, budget basis	\$ -	\$ -	1,226,986	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			8,832	
Fund balance on the basis of GAAP			\$ 1,235,818	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Vocational Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 10,585	\$ 10,585	\$ 16,287	\$ 5,702
Expenditures:				
Current:				
Instruction	2,255,941	2,255,941	1,850,238	(405,703)
Support services	286,977	286,977	161,641	(125,336)
Total expenditures	2,542,918	2,542,918	2,011,879	(531,039)
Deficiency of revenues under expenditures	(2,532,333)	(2,532,333)	(1,995,592)	536,741
Other financing sources:				
Transfers in	1,542,084	1,542,084	2,142,084	600,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(990,249)	(990,249)	146,492	\$ 1,136,741
Fund balances, beginning of year, budget basis	990,249	990,249	990,248	
Fund balances, end of year, budget basis	\$ -	\$ -	1,136,740	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			25,082	
Fund balance on the basis of GAAP			\$ 1,161,822	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Professional Development			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 1,177	\$ 1,177
State Aid	32,500	32,500	55,384	22,884
Total revenues	32,500	32,500	56,561	24,061
Expenditures:				
Current:				
Support services	349,169	349,169	308,571	(40,598)
Deficiency of revenues under expenditures	(316,669)	(316,669)	(252,010)	64,659
Other financing sources:				
Transfers in	67,416	67,416	267,416	200,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(249,253)	(249,253)	15,406	\$ 264,659
Fund balances, beginning of year, budget basis	249,253	249,253	249,254	
Fund balances, end of year, budget basis	\$ -	\$ -	264,660	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2018			104,442	
Fund balance on the basis of GAAP			\$ 369,102	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Summer School			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 186,083	\$ 186,083	\$ 26,445	\$ (159,638)
Support services	32,289	32,289	11,706	(20,583)
Total expenditures	218,372	218,372	38,151	(180,221)
Other financing sources:				
Transfers in	-	-	125,000	125,000
Excess (deficiency) of other financing sources over (under) expenditures	(218,372)	(218,372)	86,849	\$ 305,221
Fund balances, beginning of year, budget basis	218,372	218,372	218,372	
Fund balances, end of year, budget basis	\$ -	\$ -	305,221	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			-	
Fund balance on the basis of GAAP			\$ 305,221	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN THE COMBINED GENERAL
FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Contingency Reserve			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 1,423,622	\$ 1,423,622
Transfers out	(787,500)	(787,500)	(3,835,336)	(3,047,836)
Total other financing sources (uses)	(787,500)	(787,500)	(2,411,714)	\$ (1,624,214)
Fund balances, beginning of year, budget basis	6,694,500	6,694,500	6,694,502	
Fund balances, end of year, budget basis	\$ 5,907,000	\$ 5,907,000	\$ 4,282,788	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL MAJOR BUDGETED
SPECIAL REVENUE FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Special Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 5,455,229	\$ 5,455,229	\$ 4,639,598	\$ (815,631)
State and local	8,000	8,000	-	(8,000)
Total revenues	<u>5,463,229</u>	<u>5,463,229</u>	<u>4,639,598</u>	<u>(823,631)</u>
Expenditures:				
Current:				
Instruction	24,310,143	24,310,143	22,538,441	(1,771,702)
Support services	12,517,607	12,517,607	11,869,165	(648,442)
Total expenditures	<u>36,827,750</u>	<u>36,827,750</u>	<u>34,407,606</u>	<u>(2,420,144)</u>
Deficiency of revenues under expenditures	(31,364,521)	(31,364,521)	(29,768,008)	1,596,513
Other financing sources:				
Transfers in	26,560,296	26,560,296	31,072,593	4,512,297
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(4,804,225)	(4,804,225)	1,304,585	<u>\$ 6,108,810</u>
Fund balances, beginning of year, budget basis	4,804,225	4,804,225	4,804,225	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	6,108,810	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			<u>102,665</u>	
Fund balance on the basis of GAAP			<u>\$ 6,211,475</u>	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

Schedule of Changes in the District's Total OPEB Liability and Related Ratios - Health Insurance

Last Fiscal Year*

	2018
Total OPEB liability:	
Service cost	\$ 1,983,181
Interest	1,243,268
Net benefits paid by employer	(3,528,898)
Changes of assumptions	(805,343)
Net change in total OPEB liability	(1,107,792)
Total OPEB liability, beginning	40,878,303
Total OPEB liability, ending	\$ 39,770,511
Covered-employee payroll	\$ 38,167,181
District's total OPEB liability as a percentage of covered-employee payroll	104.2%

Changes of Assumptions.

1. The healthcare cost trend was updated to reflect current industry norm and recent plan experience, as well as an adjustment to reflect potential excise taxes on "Cadillac" plan benefits.
2. Mortality, Disability, and Withdrawal assumptions were updated to reflect those most recently used by the KPERS retirement system.
3. Discount rate was decreased from 3.75% to 3.10%, based on municipal bond yields as of the valuation date.
4. Per-capita costs were updated to reflect experience since the previous valuation, including an updated morbidity assumption.

* GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018. Therefore, 10 years of data is unavailable.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

Schedule of Changes in the District's Total OPEB Liability and Related Ratios -
Disability Benefits and Life Insurance

Last Fiscal Year¹

	2018
Total OPEB liability:	
Service cost	\$ 205,058
Interest	71,333
Changes of assumptions	(84,933)
Benefit payments	(243,290)
Net change in total OPEB liability	(51,832)
Total OPEB liability, beginning	2,418,664
Total OPEB liability, ending	\$ 2,366,832
Covered-employee payroll	\$ 92,994,938
District's total OPEB liability as a percentage of covered-employee payroll	2.55%

¹ GASB 75 requires the presentation of ten years. Data was not available prior to fiscal year 2018; therefore, ten years of data is unavailable.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

Schedule of the District's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System

Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	2.229486%	2.262925%	2.119396%	2.174282%	2.117605%
District's proportionate share of the collective net pension liability	\$ 149,798,454	\$ 152,092,568	\$ 146,756,723	\$ 138,934,472	\$ 153,820,765
District's covered-employee payroll	\$ 102,966,206	\$ 96,737,828	\$ 95,139,490	\$ 86,430,695	\$ 82,671,274
District's proportionate share of the collective net pension liability as a percentage of its covered payroll	145%	157%	154%	161%	186%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%	59.94%

¹ GASB requires presentation of ten years. Data was not available prior to 2014; therefore, ten years of data is unavailable.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

Schedule of the District's Contributions
Kansas Public Employees Retirement System

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 12,643,425	\$ 8,298,120	\$ 8,594,373	\$ 9,585,143	\$ 10,057,121	\$ 8,863,533	\$ 9,979,449	\$ 5,945,869	\$ 7,097,513	\$ 6,997,429
Contributions in relation to the contractually required contribution	(12,643,425)	(8,298,120)	(8,594,373)	(9,585,143)	(10,057,121)	(8,863,533)	(9,979,449)	(5,945,869)	(7,097,513)	(6,997,429)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 102,966,206	\$ 96,737,828	\$ 95,139,490	\$ 86,430,695	\$ 82,671,274	\$ 82,124,120	\$ 80,299,115	\$ 80,163,800	\$ 84,510,646	\$ 88,818,814
Contributions as a percentage of covered-employee payroll	12.28%	8.58%	9.03%	11.09%	12.17%	10.79%	12.43%	7.42%	8.40%	7.88%

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501

TOPEKA, KANSAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

SUPPLEMENTARY INFORMATION

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL MAJOR BUDGETED
CAPITAL PROJECTS FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Capital Outlay			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 283,990	\$ 283,990	\$ 105,421	\$ (178,569)
Current	4,967,166	4,967,166	5,118,073	150,907
Delinquent	64,666	64,666	96,600	31,934
Interest	-	-	421,974	421,974
State aid	2,637,692	2,637,692	2,612,796	(24,896)
Other	-	-	128,744	128,744
Total revenues	<u>7,953,514</u>	<u>7,953,514</u>	<u>8,483,608</u>	<u>530,094</u>
Expenditures:				
Current:				
Instruction	893,610	893,610	549,400	(344,210)
Support services	4,872,530	4,872,530	6,051,819	1,179,289
Facilities acquisition and construction	7,244,416	7,244,416	3,174,684	(4,069,732)
Total expenditures	<u>13,010,556</u>	<u>13,010,556</u>	<u>9,775,903</u>	<u>(3,234,653)</u>
Deficiency of revenues under expenditures	(5,057,042)	(5,057,042)	(1,292,295)	3,764,747
Other financing sources:				
Transfer in	-	-	250,000	250,000
Sale of capital assets	-	-	93,577	93,577
Insurance reimbursements	-	-	45	45
Total other financing sources	<u>-</u>	<u>-</u>	<u>343,622</u>	<u>343,622</u>
Deficiency of revenues and other financing sources under expenditures	(5,057,042)	(5,057,042)	(948,673)	<u>\$ 4,108,369</u>
Fund balances, beginning of year, budget basis	5,057,042	5,057,042	5,057,042	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	4,108,369	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2018			<u>4,075,204</u>	
Fund balance on the basis of GAAP			<u>\$ 8,183,573</u>	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL BUDGETED PROPRIETARY FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Food Service			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 8,000,114	\$ 8,000,114	\$ 7,201,831	\$ (798,283)
State and local	78,046	78,046	77,546	(500)
Interest on idle funds	2,000	2,000	10,681	8,681
Other	944,963	944,963	844,381	(100,582)
Total revenues	<u>9,025,123</u>	<u>9,025,123</u>	<u>8,134,439</u>	<u>(890,684)</u>
Expenditures:				
Current:				
Support services	358,191	358,191	349,043	(9,148)
Noninstructional services	11,244,937	11,244,937	8,352,375	(2,892,562)
Total expenditures	<u>11,603,128</u>	<u>11,603,128</u>	<u>8,701,418</u>	<u>(2,901,710)</u>
Deficiency of revenues under expenditures	(2,578,005)	(2,578,005)	(566,979)	<u>\$ 2,011,026</u>
Fund balances, beginning of year, budget basis	<u>2,578,005</u>	<u>2,578,005</u>	<u>2,578,006</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	2,011,027	
<u>Reconciliation to GAAP</u>				
Plus inventories at June 30, 2018			21,531	
Net adjustment for capitalization of assets			775,236	
Less deferred revenue at June 30, 2018			(72,708)	
Plus encumbrances outstanding at June 30, 2018			<u>839,313</u>	
Fund balance on the basis of GAAP			<u>\$ 3,574,399</u>	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BOND AND INTEREST FUND (BUDGET BASIS)

Year Ended June 30, 2018

	Bond and Interest			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 235,478	\$ 235,478	\$ 87,578	\$ (147,900)
Current	3,866,981	3,866,981	3,986,505	119,524
Delinquent	53,749	53,749	90,275	36,526
Intergovernmental:				
State and local	4,062,569	4,062,569	4,139,222	76,653
Interest	-	-	58,526	58,526
Total revenues	<u>8,218,777</u>	<u>8,218,777</u>	<u>8,362,106</u>	<u>143,329</u>
Expenditures subject to budget:				
Debt service:				
Principal	1,985,000	1,985,000	1,985,000	-
Interest and other charges	5,680,225	5,680,225	5,680,225	-
Total expenditures subject to budget	<u>7,665,225</u>	<u>7,665,225</u>	<u>7,665,225</u>	<u>-</u>
Expenditures not subject to budget:				
Debt service	-	-	198,468	198,468
Total expenditures	<u>7,665,225</u>	<u>7,665,225</u>	<u>7,863,693</u>	<u>198,468</u>
Excess of revenues over expenditures	<u>553,552</u>	<u>553,552</u>	<u>498,413</u>	<u>(55,139)</u>
Other financing sources:				
Bonds issued	-	-	9,040,000	9,040,000
Bond premium	-	-	255,783	255,783
Total other financing sources	<u>-</u>	<u>-</u>	<u>9,295,783</u>	<u>9,295,783</u>
Excess of revenues and other financing sources over expenditures and other financing uses	553,552	553,552	9,794,196	<u>\$ 9,240,644</u>
Fund balances, beginning of year, budget basis	<u>6,189,498</u>	<u>6,189,498</u>	<u>6,189,498</u>	
Fund balances, end of year, budget basis	<u>\$ 6,743,050</u>	<u>\$ 6,743,050</u>	<u>\$ 15,983,694</u>	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Adult Basic Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Current	\$ -	\$ -	\$ 2	\$ 2
In process	-	-	(4)	(4)
Delinquent	-	-	772	772
Total revenues	-	-	770	770
Expenditures:				
Current:				
Instruction	137,899	137,899	13,576	(124,323)
Deficiency of revenues under expenditures	(137,899)	(137,899)	(12,806)	\$ 125,093
Fund balances, beginning of year, budget basis	137,899	137,899	96,928	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 84,122	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Virtual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 505,000	\$ 505,000	\$ 57,521	\$ (447,479)
Other financing sources:				
Transfers in	75,789	75,789	75,789	-
Excess (deficiency) of expenditures over (under) other financing sources	(429,211)	(429,211)	18,268	<u>\$ 447,479</u>
Fund balances, beginning of year, budget basis	429,211	429,211	429,211	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,479</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Parent Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal aid	\$ 80,295	\$ 80,295	\$ 80,295	\$ -
State aid	461,529	461,529	498,946	37,417
Total revenues	541,824	541,824	579,241	37,417
Expenditures:				
Current:				
Support services	978,490	978,490	528,518	(449,972)
Excess (deficiency) of revenues over (under) expenditures	(436,666)	(436,666)	50,723	\$ 487,389
Fund balances, beginning of year, budget basis	436,666	436,666	436,667	
Fund balances, end of year, budget basis	\$ -	\$ -	487,390	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2018			59,496	
Fund balance on the basis of GAAP			\$ 546,886	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Special Liability			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 11,134	\$ 11,134	\$ 4,135	\$ (6,999)
Current	157,309	157,309	162,399	5,090
Delinquent	2,539	2,539	4,668	2,129
Interest	-	-	2,032	2,032
Total revenues	170,982	170,982	173,234	2,252
Expenditures:				
Current:				
Support services	482,349	482,349	236,595	(245,754)
Deficiency of revenues under expenditures	(311,367)	(311,367)	(63,361)	\$ 248,006
Fund balances, beginning of year, budget basis	413,148	413,148	413,147	
Fund balances, end of year, budget basis	\$ 101,781	\$ 101,781	\$ 349,786	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	KPERS			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
State	\$ 13,007,303	\$ 13,007,303	\$ 12,643,425	\$ (363,878)
Expenditures:				
Current:				
Instruction	8,591,709	8,591,709	-	(8,591,709)
Student support services	1,253,910	1,253,910	-	(1,253,910)
Instructional support staff	487,411	487,411	-	(487,411)
General administration	110,080	110,080	-	(110,080)
School administration	953,993	953,993	-	(953,993)
Central services	575,392	575,392	-	(575,392)
Operations and maintenance	592,876	592,876	-	(592,876)
Transportation	59,962	59,962	-	(59,962)
Enterprise operations	381,970	381,970	-	(381,970)
On-behalf expenditures - KPERS	-	-	12,643,425	12,643,425
Total expenditures	13,007,303	13,007,303	12,643,425	(363,878)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	\$ -
Fund balances, beginning of year, budget basis	-	-	-	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ -	

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Gifts and Grants			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Local	\$ 90,654	\$ 90,654	\$ 1,068,148	\$ 977,494
Interest	-	-	7,112	7,112
Charges for services	350,216	350,216	1,213,749	863,533
Miscellaneous	2,559,103	2,559,103	85,791	(2,473,312)
Total revenues	2,999,973	2,999,973	2,374,800	(625,173)
Expenditures:				
Current:				
Instruction	1,343,218	1,343,218	995,644	(347,574)
Student support services	304,341	304,341	-	(304,341)
Instructional support staff	226,912	226,912	3,000	(223,912)
General administration	41,254	41,254	16,331	(24,923)
School administration	-	-	3,456	3,456
Central services	429,427	429,427	-	(429,427)
Student support services	-	-	271,092	271,092
Supplemental services central	-	-	31,102	31,102
Support services business	-	-	19,529	19,529
Operations and maintenance	84,197	84,197	63,930	(20,267)
Transportation	1,100	1,100	215	(885)
Enterprise operations	1,284,900	1,284,900	1,031,487	(253,413)
Total expenditures	3,715,349	3,715,349	2,435,786	(1,279,563)
Other financing uses:				
Transfers out	-	-	(357,000)	(357,000)
Deficiency of revenues under expenditures and other financing uses	(715,376)	(715,376)	(417,986)	\$ 297,390
Fund balances, beginning of year, budget basis	715,376	715,376	1,076,913	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 658,927	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FEDERAL GRANT FUNDS (BUDGET BASIS)

Year Ended June 30, 2018

	Federal Grants			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 16,385,051	\$ 16,385,051	\$ 13,459,305	\$ (2,925,746)
Expenditures				
Current:				
Instruction	10,555,012	10,555,012	9,791,249	(763,763)
Support services	6,532,171	6,532,171	3,782,782	(2,749,389)
Noninstructional services	-	-	224,181	224,181
Total expenditures	17,087,183	17,087,183	13,798,212	(3,288,971)
Deficiency of revenues under expenditures	(702,132)	(702,132)	(338,907)	\$ 363,225
Fund balances, beginning of year, budget basis	702,132	702,132	(1,565,915)	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ (1,904,822)	

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Senior High Schools</u>				
Athletic Support Groups:				
Highland Park	\$ 5,437	\$ 5,019	\$ 6,676	\$ 3,780
Topeka High	15,430	27,319	24,833	17,916
Topeka West	12,973	46,180	40,014	19,139
	<u>33,840</u>	<u>78,518</u>	<u>71,523</u>	<u>40,835</u>
Graduating Classes:				
Highland Park	5,829	1,840	5,406	2,263
Topeka High	12,638	5,752	7,904	10,486
Topeka West	17,220	10,726	4,840	23,106
	<u>35,687</u>	<u>18,318</u>	<u>18,150</u>	<u>35,855</u>
Clubs and Organizations:				
Highland Park	9,798	25,109	17,154	17,753
Topeka High	63,929	81,650	77,197	68,382
Topeka West	15,675	21,236	19,417	17,494
	<u>89,402</u>	<u>127,995</u>	<u>113,768</u>	<u>103,629</u>
Miscellaneous Fund Raisers:				
Highland Park	4,755	4,205	512	8,448
Topeka High	21,651	1,196	4,320	18,527
Topeka West	4,734	2,409	1,742	5,401
	<u>31,140</u>	<u>7,810</u>	<u>6,574</u>	<u>32,376</u>
Performing Arts:				
Highland Park	3,103	16,441	10,467	9,077
Topeka High	23,375	128,712	133,867	18,220
Topeka West	21,064	38,740	39,308	20,496
	<u>47,542</u>	<u>183,893</u>	<u>183,642</u>	<u>47,793</u>
Scholarships and Memorials:				
Highland Park	3,617	4,792	61	8,348
Topeka High	28,477	7,071	5,627	29,921
Topeka West	29,170	21,822	17,291	33,701
	<u>61,264</u>	<u>33,685</u>	<u>22,979</u>	<u>71,970</u>
Total Senior High Schools	<u>\$ 298,875</u>	<u>\$ 450,219</u>	<u>\$ 416,636</u>	<u>\$ 332,458</u>

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Middle Schools</u>				
Clubs and Organizations:				
Chase	\$ 1,444	\$ 1,871	\$ 992	\$ 2,323
Eisenhower	2,873	7,401	4,746	5,528
French	3,298	5,476	5,977	2,797
Jardine	2,598	2,783	3,635	1,746
Landon	757	3,982	3,733	1,006
Robinson	2,346	1,346	2,608	1,084
	<u>13,316</u>	<u>22,859</u>	<u>21,691</u>	<u>14,484</u>
Graduating Classes:				
Chase	-	1,033	214	819
French	1,137	4,080	4,217	1,000
Jardine	559	-	-	559
Landon	263	5,510	5,296	477
Robinson	1,335	1,899	2,575	659
	<u>3,294</u>	<u>12,522</u>	<u>12,302</u>	<u>3,514</u>
Miscellaneous Fund Raisers:				
Chase	1,050	10,474	9,528	1,996
Eisenhower	697	-	-	697
Jardine	14,334	5,384	5,541	14,177
Landon	13,664	16,460	15,114	15,010
Robinson	5,959	950	6,535	374
	<u>35,704</u>	<u>33,268</u>	<u>36,718</u>	<u>32,254</u>
Performing Arts:				
Chase	2,185	1,712	2,771	1,126
Eisenhower	945	1,667	1,530	1,082
French	5,031	3,464	4,218	4,277
Jardine	11,007	5,969	3,073	13,903
Landon	1,160	3,982	1,902	3,240
Robinson	2,439	2,336	2,689	2,086
	<u>22,767</u>	<u>19,130</u>	<u>16,183</u>	<u>25,714</u>
Total Middle Schools	<u>\$ 75,081</u>	<u>\$ 87,779</u>	<u>\$ 86,894</u>	<u>\$ 75,966</u>

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Elementary Schools</u>				
Clubs and Organizations:				
Jardine	\$ 512	\$ 851	\$ 724	\$ 639
Lowman Hill	561	95	156	500
McEachron	3,360	4,370	5,934	1,796
Meadows	916	1,812	2,345	383
Ross	1,659	-	-	1,659
Scott	434	130	385	179
Whitson	1,599	1,140	1,544	1,195
	<u>9,041</u>	<u>8,398</u>	<u>11,088</u>	<u>6,351</u>
Graduating Class:				
Avondale West	76	-	76	-
Lowman Hill	3,359	3,317	2,258	4,418
Meadows	436	833	1,231	38
Ross	78	-	-	78
Scott	3,883	20,600	19,688	4,795
Shaner	145	-	145	-
Whitson	1,091	-	-	1,091
Williams	78	-	-	78
	<u>9,146</u>	<u>24,750</u>	<u>23,398</u>	<u>10,498</u>
Miscellaneous Fund Raisers:				
Highland Park Central	6,580	1,237	760	7,057
Jardine	5,922	12,634	14,547	4,009
Lowman Hill	2,062	768	56	2,774
McCarter	21,415	1,136	-	22,551
McClure	470	3,182	3,071	581
McEachron	5,922	6,441	7,779	4,584
Meadows	1,729	598	1,690	637
Quincy	5,262	431	1,040	4,653
Randolph	3,980	2,221	3,341	2,860
Ross	5,454	1,088	1,922	4,620
Scott	7,207	2,932	8,414	1,725
Shaner	179	-	179	-
State Street	769	-	222	547
Stout	3,000	481	-	3,481
Whitson	3,851	1,035	4,237	649
Williams	1,223	2,145	2,037	1,331
	<u>75,025</u>	<u>36,329</u>	<u>49,295</u>	<u>62,059</u>
Subtotals forward	<u>\$ 93,212</u>	<u>\$ 69,477</u>	<u>\$ 83,781</u>	<u>\$ 78,908</u>

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Subtotals forward	\$ 93,212	\$ 69,477	\$ 83,781	\$ 78,908
Scholarships and Memorials:				
Avondale West	86	-	86	-
McClure	504	-	481	23
McEachron	20	-	-	20
Quincy	1,572	100	-	1,672
Randolph	6,745	23	-	6,768
Ross	668	552	1,129	91
State Street	2,075	2,500	2,248	2,327
Stout	250	-	-	250
Whitson	41	-	-	41
	<u>11,961</u>	<u>3,175</u>	<u>3,944</u>	<u>11,192</u>
Total Elementary Schools	<u>\$ 105,173</u>	<u>\$ 72,652</u>	<u>\$ 87,725</u>	<u>\$ 90,100</u>
<u>Other Locations</u>				
Clubs and Organizations:				
Capital City	\$ 287	\$ 2,664	\$ 2,951	\$ -
Topeka Education Center	1,488	255	269	1,474
	<u>1,775</u>	<u>2,919</u>	<u>3,220</u>	<u>1,474</u>
Miscellaneous Fund Raisers:				
Capital City	345	200	200	345
Sheldon Head Start	1,316	558	1,100	774
Topeka Education Center	97	205	101	201
	<u>1,758</u>	<u>963</u>	<u>1,401</u>	<u>1,320</u>
Scholarships and Memorials:				
Capital City	257	1,904	1,429	732
Sheldon Head Start	2,076	500	1,793	783
Topeka Education Center	5,740	1,225	1,240	5,725
	<u>8,073</u>	<u>3,629</u>	<u>4,462</u>	<u>7,240</u>
Total Other Locations	<u>\$ 11,606</u>	<u>\$ 7,511</u>	<u>\$ 9,083</u>	<u>\$ 10,034</u>
Total - all schools:				
Assets:				
Cash	<u>\$ 490,735</u>	<u>\$ 618,161</u>	<u>\$ 600,338</u>	<u>\$ 508,558</u>
Liabilities:				
Due to student organizations	<u>\$ 490,735</u>	<u>\$ 618,161</u>	<u>\$ 600,338</u>	<u>\$ 508,558</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
GENERAL FUND

June 30, 2018

	General	Supplemental General
<u>ASSETS</u>		
Cash and investments	\$ (2,451,894)	\$ (1,731,902)
State aid receivables	5,758,007	1,762,915
Inventory of materials and supplies	68,659	-
Total assets	\$ 3,374,772	\$ 31,013
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,285,677	\$ 5,663
Payroll liabilities	-	-
Total liabilities	2,285,677	5,663
Fund balances:		
Nonspendable:		
Inventories	68,659	-
Assigned	1,020,436	25,350
Unassigned	-	-
Total fund balances	1,089,095	25,350
Total liabilities and fund balances	\$ 3,374,772	\$ 31,013

(Continued)

<u>At Risk 4 Year-Old</u>	<u>At Risk K - 12</u>	<u>Bilingual Education</u>	<u>Vocational Education</u>	<u>Professional Development</u>	<u>Summer School</u>
\$ 663,447	\$ 6,366,723	\$ 1,436,047	\$ 1,306,596	\$ 374,321	\$ 305,221
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 663,447</u>	<u>\$ 6,366,723</u>	<u>\$ 1,436,047</u>	<u>\$ 1,306,596</u>	<u>\$ 374,321</u>	<u>\$ 305,221</u>
\$ 63,311	\$ 2,004,691	\$ 200,229	\$ 144,774	\$ 5,219	\$ -
-	-	-	-	-	-
63,311	2,004,691	200,229	144,774	5,219	-
-	-	-	-	-	-
600,136	4,362,032	1,235,818	1,161,822	369,102	305,221
-	-	-	-	-	-
<u>600,136</u>	<u>4,362,032</u>	<u>1,235,818</u>	<u>1,161,822</u>	<u>369,102</u>	<u>305,221</u>
<u>\$ 663,447</u>	<u>\$ 6,366,723</u>	<u>\$ 1,436,047</u>	<u>\$ 1,306,596</u>	<u>\$ 374,321</u>	<u>\$ 305,221</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
GENERAL FUND

June 30, 2018

	Pepsi Exclusivity	Internal Service Reserve
<u>ASSETS</u>		
Cash and investments	\$ 85,243	\$ 3,388
State aid receivables	-	-
Inventory of materials and supplies	-	-
	-	-
Total assets	\$ 85,243	\$ 3,388
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Payroll liabilities	-	3,388
	-	3,388
Total liabilities	-	3,388
Fund balances:		
Nonspendable:		
Inventories	-	-
Assigned	1,310	-
Unassigned	83,933	-
	85,243	-
Total fund balances	85,243	-
Total liabilities and fund balances	\$ 85,243	\$ 3,388

<u>Sports Park Operations</u>	<u>Payroll Liability Clearing</u>	<u>Self-Insurance Reserve</u>	<u>Risk Management</u>	<u>Contingency Reserve</u>	<u>Total General Fund</u>
\$ 1,018,742	\$ 7,457,635	\$ 962,031	\$ 821,038	\$ 4,282,788	\$ 20,899,424
-	-	-	-	-	7,520,922
-	-	-	-	-	68,659
<u>\$ 1,018,742</u>	<u>\$ 7,457,635</u>	<u>\$ 962,031</u>	<u>\$ 821,038</u>	<u>\$ 4,282,788</u>	<u>\$ 28,489,005</u>
\$ 196,633	\$ -	\$ 26,989	\$ -	\$ -	\$ 4,933,186
-	7,457,635	-	-	-	7,461,023
<u>196,633</u>	<u>7,457,635</u>	<u>26,989</u>	<u>-</u>	<u>-</u>	<u>12,394,209</u>
-	-	-	-	-	68,659
822,109	-	935,042	821,038	-	11,659,416
-	-	-	-	4,282,788	4,366,721
<u>822,109</u>	<u>-</u>	<u>935,042</u>	<u>821,038</u>	<u>4,282,788</u>	<u>16,094,796</u>
<u>\$ 1,018,742</u>	<u>\$ 7,457,635</u>	<u>\$ 962,031</u>	<u>\$ 821,038</u>	<u>\$ 4,282,788</u>	<u>\$ 28,489,005</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2018

	General	Supplemental General
Revenues:		
Property taxes	\$ -	\$ 11,395,486
Local sources	-	-
Charges for services	-	-
State aid	81,428,842	19,666,330
Interest	-	-
Miscellaneous	342,047	-
	<u>81,770,889</u>	<u>31,061,816</u>
Total revenues		
Expenditures:		
Instruction	26,058,467	1,979,933
Student support	4,553,676	131,892
Instructional support	2,676,521	57,264
General administration	1,300,043	604,878
School administration	8,069,081	280,273
Business support	1,504,520	109,048
Plant and maintenance	9,156,370	2,036,869
Transportation	2,020,823	9,149
Central support services	3,922,965	781,690
Other support	676	8,501
Student activities	(83,775)	1,615
Site improvement	-	-
	<u>59,179,367</u>	<u>6,001,112</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	22,591,522	25,060,704
Other financing sources (uses):		
Transfers in	-	1,085,336
Transfers out	(22,641,596)	(27,621,144)
	<u>(22,641,596)</u>	<u>(26,535,808)</u>
Total other financing sources (uses)		
Net change in fund balances	(50,074)	(1,475,104)
Fund balance, beginning of year	1,139,169	1,500,454
Fund balance, end of year	<u>\$ 1,089,095</u>	<u>\$ 25,350</u>

(Continued)

At Risk 4 Year-Old	At Risk K - 12	Bilingual Education	Vocational Education	Professional Development	Summer School
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,220	-	-	-	-	-
-	-	-	16,287	55,384	-
-	-	-	-	1,177	-
-	-	-	-	-	-
<u>5,220</u>	<u>-</u>	<u>-</u>	<u>16,287</u>	<u>56,561</u>	<u>-</u>
1,123,317	21,616,722	3,081,938	1,843,267	-	26,445
-	63,304	48,168	-	-	-
-	-	-	144,842	281,712	-
-	-	-	-	-	-
-	343,239	42,203	-	-	11,706
156	(52)	(66)	(102)	(26,090)	-
-	-	8,941	-	-	-
-	-	887,544	-	-	-
-	-	-	-	444	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,123,473</u>	<u>22,023,213</u>	<u>4,068,728</u>	<u>1,988,007</u>	<u>256,066</u>	<u>38,151</u>
(1,118,253)	(22,023,213)	(4,068,728)	(1,971,720)	(199,505)	(38,151)
1,458,499	24,208,449	4,605,027	2,142,084	267,416	125,000
-	-	-	-	-	-
<u>1,458,499</u>	<u>24,208,449</u>	<u>4,605,027</u>	<u>2,142,084</u>	<u>267,416</u>	<u>125,000</u>
340,246	2,185,236	536,299	170,364	67,911	86,849
259,890	2,176,796	699,519	991,458	301,191	218,372
<u>\$ 600,136</u>	<u>\$ 4,362,032</u>	<u>\$ 1,235,818</u>	<u>\$ 1,161,822</u>	<u>\$ 369,102</u>	<u>\$ 305,221</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2018

	Pepsi Exclusivity	Internal Service Reserve	Sports Park Operations
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Local sources	25,000	-	-
Charges for services	25,407	-	320,677
State aid	-	-	-
Interest	1,923	-	4,207
Miscellaneous	9,821	-	75,970
	<hr/>	<hr/>	<hr/>
Total revenues	62,151	-	400,854
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instruction	12,260	-	238,933
Student support	-	-	-
Instructional support	-	-	-
General administration	15,318	-	-
School administration	-	-	3,456
Business support	798	-	18,937
Plant and maintenance	-	-	33,299
Transportation	-	-	215
Central support services	-	-	-
Other support	-	-	205,253
Student activities	3,200	-	-
Site improvement	-	-	(316,808)
	<hr/>	<hr/>	<hr/>
Total expenditures	31,576	-	183,285
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	30,575	-	217,569
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(275,000)	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(275,000)	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(244,425)	-	217,569
Fund balance, beginning of year	329,668	-	604,540
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 85,243	\$ -	\$ 822,109
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Payroll Liability Clearing	Self-Insurance Reserve	Risk Management	Contingency Reserve	Eliminations	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,395,486
-	-	-	-	-	25,000
-	-	-	-	-	351,304
-	-	-	-	-	101,166,843
-	5,506	4,352	-	-	17,165
-	78,059	-	-	-	505,897
-	83,565	4,352	-	-	113,461,695
-	189	-	-	-	55,981,471
-	-	-	-	-	4,797,040
-	-	-	-	-	3,160,339
-	-	-	-	-	1,920,239
-	-	-	-	-	8,749,958
-	-	(11,004)	-	-	1,596,145
-	60,777	18,009	-	-	11,314,265
-	(12,014)	-	-	-	2,905,717
-	-	(104,540)	-	-	4,600,559
-	-	-	-	-	214,430
-	-	-	-	-	(78,960)
-	26,989	-	-	-	(289,819)
-	75,941	(97,535)	-	-	94,871,384
-	7,624	101,887	-	-	18,590,311
-	-	-	1,423,622	(35,315,433)	-
-	(40,403)	-	(3,835,336)	35,315,433	(19,098,046)
-	(40,403)	-	(2,411,714)	-	(19,098,046)
-	(32,779)	101,887	(2,411,714)	-	(507,735)
-	967,821	719,151	6,694,502	-	16,602,531
\$ -	\$ 935,042	\$ 821,038	\$ 4,282,788	\$ -	\$ 16,094,796

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2018

	Adult Basic Education	Virtual Education	Parent Education
<u>ASSETS</u>			
Cash and investments	\$ 84,122	\$ 451,115	\$ 546,886
Due from other governmental units	-	-	-
Total assets	\$ 84,122	\$ 451,115	\$ 546,886
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 3,636	\$ -
Unearned revenue	-	-	-
Total liabilities	-	3,636	-
Fund balances:			
Restricted	-	-	-
Assigned	84,122	447,479	546,886
Total fund balances	84,122	447,479	546,886
Total liabilities and fund balances	\$ 84,122	\$ 451,115	\$ 546,886

(Continued)

<u>Special Liability</u>	<u>KPERS</u>	<u>USDE Direct</u>	<u>US HHS Direct</u>	<u>Department of Corrections Pass Through</u>	<u>TANF</u>	<u>Workforce Investment</u>
\$ 349,786	\$ -	\$ 4,313	\$ 73,770	\$ (12,902)	\$ (56,977)	\$ (25,016)
-	-	30,519	1,860	25,023	62,297	44,888
<u>\$ 349,786</u>	<u>\$ -</u>	<u>\$ 34,832</u>	<u>\$ 75,630</u>	<u>\$ 12,121</u>	<u>\$ 5,320</u>	<u>\$ 19,872</u>
\$ -	\$ -	\$ 34,832	\$ 75,630	\$ 12,121	\$ 5,320	\$ 19,872
-	-	-	-	-	-	-
-	-	34,832	75,630	12,121	5,320	19,872
104,984	-	-	-	-	-	-
244,802	-	-	-	-	-	-
349,786	-	-	-	-	-	-
<u>\$ 349,786</u>	<u>\$ -</u>	<u>\$ 34,832</u>	<u>\$ 75,630</u>	<u>\$ 12,121</u>	<u>\$ 5,320</u>	<u>\$ 19,872</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2018

	Kansas Miscellaneous Other Grants	Miscellaneous Other Grants	Federal Program Overhead
<u>ASSETS</u>			
Cash and investments	\$ 129	\$ 62,069	\$ 1,924,511
Due from other governmental units	16,400	77,719	-
Total assets	\$ 16,529	\$ 139,788	\$ 1,924,511
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 9,305	\$ 39,507	\$ -
Unearned revenue	7,224	100,281	-
Total liabilities	16,529	139,788	-
Fund balances:			
Restricted	-	-	1,924,511
Assigned	-	-	-
Total fund balances	-	-	1,924,511
Total liabilities and fund balances	\$ 16,529	\$ 139,788	\$ 1,924,511

<u>Trust Gift Legacy</u>	<u>High School Activity</u>	<u>Middle School Activity</u>	<u>Elementary School Activity</u>	<u>Other Locations Activity</u>	<u>Total Other Governmental Funds</u>
\$ 175,341	\$ 579,907	\$ 124,543	\$ 146,140	\$ 70,797	\$ 4,498,534
-	-	-	-	-	258,706
<u>\$ 175,341</u>	<u>\$ 579,907</u>	<u>\$ 124,543</u>	<u>\$ 146,140</u>	<u>\$ 70,797</u>	<u>\$ 4,757,240</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,223
-	-	-	-	-	107,505
-	-	-	-	-	307,728
175,341	579,907	124,543	146,140	70,797	3,126,223
-	-	-	-	-	1,323,289
<u>175,341</u>	<u>579,907</u>	<u>124,543</u>	<u>146,140</u>	<u>70,797</u>	<u>4,449,512</u>
<u>\$ 175,341</u>	<u>\$ 579,907</u>	<u>\$ 124,543</u>	<u>\$ 146,140</u>	<u>\$ 70,797</u>	<u>\$ 4,757,240</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	Adult Basic Education	Virtual Education
Revenues:		
Property taxes	\$ 770	\$ -
Local sources	-	-
Charges for services	-	-
State aid	-	-
Federal aid	-	-
Interest	-	-
	770	-
Total revenues	770	-
Expenditures:		
Instruction	13,576	57,521
Student support	-	-
Instructional support	-	-
General administration	-	-
Business support	-	-
Plant and maintenance	-	-
Central support services	-	-
Student activities	-	-
On behalf expenditures:		
KPERs	-	-
	13,576	57,521
Total expenditures	13,576	57,521
Excess (deficiency) of revenues over (under) expenditures	(12,806)	(57,521)
Other financing sources and uses:		
Transfers in	-	75,789
Transfers out	-	-
	-	75,789
Total other financing sources and uses	-	75,789
Net change in fund balances	(12,806)	18,268
Fund balance, beginning of year	96,928	429,211
Fund balance, end of year	\$ 84,122	\$ 447,479

(Continued)

Parent Education	Special Liability	KPERS	USDE Direct	US HHS Direct	Department of Corrections Pass Through	TANF	Workforce Investment
\$ -	\$ 171,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
498,946	-	12,643,425	-	-	-	-	-
80,295	-	-	508,347	2,249,479	43,363	124,967	200,175
-	2,032	-	-	-	-	-	-
579,241	173,234	12,643,425	508,347	2,249,479	43,363	124,967	200,175
6,495	-	-	259,217	2,090,140	11,127	124,967	200,175
463,428	-	-	249,130	159,339	32,236	-	-
5,185	-	-	-	-	-	-	-
-	251,299	-	-	-	-	-	-
(6,297)	(321)	-	-	-	-	-	-
23,917	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	12,643,425	-	-	-	-	-
492,728	250,978	12,643,425	508,347	2,249,479	43,363	124,967	200,175
86,513	(77,744)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86,513	(77,744)	-	-	-	-	-	-
460,373	427,530	-	-	-	-	-	-
\$ 546,886	\$ 349,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	Kansas Miscellaneous Other Grants	Miscellaneous Other Grants	Federal Program Overhead
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Local sources	105,872	937,276	-
Charges for services	-	-	-
State aid	-	-	-
Federal aid	-	-	647,000
Interest	-	-	-
Total revenues	105,872	937,276	647,000
Expenditures:			
Instruction	90,548	653,606	84,525
Student support	14,331	253,561	-
Instructional support	-	-	-
General administration	-	-	59,850
Business support	-	-	590,981
Plant and maintenance	-	-	-
Central support services	993	30,109	194,935
Student activities	-	-	-
On behalf expenditures:			
KPERS	-	-	-
Total expenditures	105,872	937,276	930,291
Excess (deficiency) of revenues over (under) expenditures	-	-	(283,291)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(60,000)
Total other financing sources and uses	-	-	(60,000)
Net change in fund balances	-	-	(343,291)
Fund balance, beginning of year	-	-	2,267,802
Fund balance, end of year	\$ -	\$ -	\$ 1,924,511

Schedule 16, (Con't.)

Trust Gift Legacy	High School Activity	Middle School Activity	Elementary School Activity	Other Locations Activity	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,972
-	-	-	-	-	1,043,148
-	385,924	19,729	75,260	91,031	571,944
-	-	-	-	-	13,142,371
-	-	-	-	-	3,853,626
982	-	-	-	-	3,014
<u>982</u>	<u>385,924</u>	<u>19,729</u>	<u>75,260</u>	<u>91,031</u>	<u>18,786,075</u>
-	-	-	-	-	3,591,897
-	-	-	-	-	1,172,025
3,000	-	-	-	-	8,185
-	-	-	-	-	311,149
-	-	-	-	-	584,363
-	-	-	-	-	23,917
-	-	-	-	-	226,037
-	342,630	26,683	106,130	95,060	570,503
-	-	-	-	-	12,643,425
<u>3,000</u>	<u>342,630</u>	<u>26,683</u>	<u>106,130</u>	<u>95,060</u>	<u>19,131,501</u>
(2,018)	43,294	(6,954)	(30,870)	(4,029)	(345,426)
-	-	-	-	-	75,789
-	-	-	-	-	(60,000)
-	-	-	-	-	15,789
<u>(2,018)</u>	<u>43,294</u>	<u>(6,954)</u>	<u>(30,870)</u>	<u>(4,029)</u>	<u>(329,637)</u>
<u>177,359</u>	<u>536,613</u>	<u>131,497</u>	<u>177,010</u>	<u>74,826</u>	<u>4,779,149</u>
<u>\$ 175,341</u>	<u>\$ 579,907</u>	<u>\$ 124,543</u>	<u>\$ 146,140</u>	<u>\$ 70,797</u>	<u>\$ 4,449,512</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
OTHER PROPRIETARY FUNDS

June 30, 2018

	Meals on Wheels	Kanza Café	Total Other Proprietary Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 45,554	\$ 3	\$ 45,557
Noncurrent assets:			
Furniture, fixtures and equipment	-	14,547	14,547
Less accumulated depreciation	-	(7,728)	(7,728)
Total noncurrent assets	-	6,819	6,819
Total assets	\$ 45,554	\$ 6,822	\$ 52,376
<u>NET POSITION</u>			
Net position:			
Net investment in capital assets	\$ -	\$ 6,819	\$ 6,819
Unrestricted	45,554	3	45,557
Total net position	\$ 45,554	\$ 6,822	\$ 52,376

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

OTHER PROPRIETARY FUNDS

Year Ended June 30, 2018

	Meals on Wheels	Kanza Café	Eliminations	Total Other Proprietary Funds
Operating revenues:				
Charges for services	\$ 867,665	\$ 119,088	\$ -	\$ 986,753
Other	-	4,949	-	4,949
	<u>867,665</u>	<u>124,037</u>	<u>-</u>	<u>991,702</u>
Total operating revenues				
Operating expenses:				
Business support	(206)	(38)	-	(244)
Plant and maintenance	29,797	8,723	-	38,520
Depreciation	-	1,455	-	1,455
Food service	726,445	-	-	726,445
Other	41,270	121,116	-	162,386
	<u>797,306</u>	<u>131,256</u>	<u>-</u>	<u>928,562</u>
Total operating expenses				
Operating income (loss)	<u>70,359</u>	<u>(7,219)</u>	<u>-</u>	<u>63,140</u>
Transfers in	-	457,403	(82,000)	375,403
Transfers out	(82,000)	-	82,000	-
	<u>(11,641)</u>	<u>450,184</u>	<u>-</u>	<u>438,543</u>
Change in net position				
Net position, beginning of year	<u>57,195</u>	<u>(443,362)</u>	<u>-</u>	<u>(386,167)</u>
Net position, end of year	<u>\$ 45,554</u>	<u>\$ 6,822</u>	<u>\$ -</u>	<u>\$ 52,376</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
OTHER PROPRIETARY FUNDS

Year Ended June 30, 2018

	Business-Type Activities		
	Meals on Wheels	Kanza Café	Total Other Proprietary Funds
Cash flows from operating activities:			
Received from user charges	\$ 867,665	\$ 119,088	\$ 986,753
Received from other sources	-	4,949	4,949
Payments to employees for services	(213,433)	(35,495)	(248,928)
Payments to suppliers for goods and services	(583,873)	(94,306)	(678,179)
Net cash provided by (used in) operating activities	<u>70,359</u>	<u>(5,764)</u>	<u>64,595</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	457,403	457,403
Transfers to other funds	(82,000)	-	(82,000)
Net cash provided by (used in) noncapital financing activities	<u>(82,000)</u>	<u>457,403</u>	<u>375,403</u>
Net increase (decrease) in cash and investments	(11,641)	451,639	439,998
Cash and cash equivalents, beginning	<u>57,195</u>	<u>(451,636)</u>	<u>(394,441)</u>
Cash and cash equivalents, ending	<u>\$ 45,554</u>	<u>\$ 3</u>	<u>\$ 45,557</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 70,359	\$ (7,219)	\$ 63,140
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	<u>-</u>	<u>1,455</u>	<u>1,455</u>
Net cash provided by (used in) operating activities	<u>\$ 70,359</u>	<u>\$ (5,764)</u>	<u>\$ 64,595</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 2018

	<u>Dental</u>	<u>Flex 125 Spending</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>				
Cash and investments	<u>\$ 1,153,144</u>	<u>\$ 282,759</u>	<u>\$ 2,878,351</u>	<u>\$ 4,314,254</u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities:				
Estimated insurance claims	\$ -	\$ -	\$ 949,298	\$ 949,298
Net position:				
Unrestricted	<u>1,153,144</u>	<u>282,759</u>	<u>1,929,053</u>	<u>3,364,956</u>
Total liabilities and net position	<u>\$ 1,153,144</u>	<u>\$ 282,759</u>	<u>\$ 2,878,351</u>	<u>\$ 4,314,254</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

Year Ended June 30, 2018

	Dental	Flex 125 Spending	Workers' Compensation	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 612,382	\$ 923,262	\$ 1,355,223	\$ 2,890,867
Other	-	-	496,457	496,457
Total operating revenues	<u>612,382</u>	<u>923,262</u>	<u>1,851,680</u>	<u>3,387,324</u>
Operating expenses:				
Business support	-	729,606	196,184	925,790
Central support services	721,245	-	801,833	1,523,078
Transportation	-	-	589	589
Food service	-	-	3,558	3,558
Total operating expenses	<u>721,245</u>	<u>729,606</u>	<u>1,002,164</u>	<u>2,453,015</u>
Operating income (loss)	(108,863)	193,656	849,516	934,309
Nonoperating revenues:				
Interest	<u>15,515</u>	<u>1,707</u>	<u>31,056</u>	<u>48,278</u>
Change in net position	(93,348)	195,363	880,572	982,587
Net position, beginning of year	<u>1,246,492</u>	<u>87,396</u>	<u>1,048,481</u>	<u>2,382,369</u>
Net position, end of year	<u>\$ 1,153,144</u>	<u>\$ 282,759</u>	<u>\$ 1,929,053</u>	<u>\$ 3,364,956</u>

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended June 30, 2018

	Dental	Flex 125 Spending	Workers' Compensation	Total
Cash flows from operating activities:				
Received from user charges	\$ 612,382	\$ 923,262	\$ 1,355,223	\$ 2,890,867
Received from other sources	-	-	496,457	496,457
Payments to employees for services	(656,055)	(7,153)	(100,869)	(764,077)
Payments to suppliers for goods and services	(65,190)	(722,453)	(836,883)	(1,624,526)
Net cash provided by (used in) operating activities	(108,863)	193,656	913,928	998,721
Cash flows from investing activities:				
Interest received	15,515	1,707	31,056	48,278
Net increase (decrease) in cash and cash equivalents	(93,348)	195,363	944,984	1,046,999
Cash and investments, beginning	1,246,492	87,396	1,933,367	3,267,255
Cash and investments, ending	\$ 1,153,144	\$ 282,759	\$ 2,878,351	\$ 4,314,254
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (108,863)	\$ 193,656	\$ 849,516	\$ 934,309
Adjustments to reconcile operating income (loss) to net cash to be provided by (used in) operating activities:				
Changes in assets and liabilities:				
Estimated insurance claims	-	-	64,412	64,412
Net cash provided by (used in) operating activities	\$ (108,863)	\$ 193,656	\$ 913,928	\$ 998,721

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:			
Passed through State of Kansas Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program		10.553	\$ 1,835,581
National School Lunch Program		10.555	4,863,424
Summer Food Service Program for Children		10.559	88,719
Total Child Nutrition Cluster			<u>6,787,724</u>
Child and Adult Care Food Program		10.558	269,887
State Administrative Expenses for Child Nutrition		10.560	93,504
Fresh Fruits & Vegetables		10.582	124,761
Total U.S. Department of Agriculture			<u>7,275,876</u>
U.S. Department of Justice:			
Juvenile & Delinquent Prevention		16.540	43,363
Total U.S. Department of Justice			<u>43,363</u>
U.S. Department of Labor:			
Passed through Heartland Works:			
WIOA Cluster:			
Workforce Investment Act	WIOAY-15-02	17.259	206,364
Total U.S. Department of Labor			<u>206,364</u>
U.S. Department of Education:			
Direct Programs:			
Indian Education - Grants to Local Educational Agencies - FY17	S060A160807	84.060	109
Indian Education - Grants to Local Educational Agencies - FY18	S060A170807	84.060	71,676
Arts in Education - FY16	U351D140074-16	84.351	16,428
Arts in Education - FY17	U351D140074-16	84.351	324,177
Arts in Education - FY18	U351D140074-17	84.351	95,957
Total Direct Funding			<u>508,347</u>
Passed through State of Kansas Department of Education:			
Special Education Cluster:			
Special Education		84.027	3,232,066
Special Education Continuous Improvement - FY17		84.027	16,101
Special Education Continuous Improvement - FY18		84.027	100,723
Special Education Preschool Grants		84.173	86,340
Total Special Education Cluster			<u>\$ 3,435,230</u>

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
Noncluster Programs:			
Title I:			
Title 1 - FY16		84.010	\$ 100,870
Title 1 - FY17	S010A160016	84.010	780,839
Title 1 - FY18	S010A170016	84.010	4,212,737
Title I Part D - FY16		84.010	1,022
Title I Part D - FY17		84.010	36,073
Title I Part D - FY18		84.010	82,697
School Improvement Grant Priority Focus - FY17		84.010	8,959
Title I Migrant - Summer - FY16		84.011	252
Title I Migrant - Summer - FY17	S011A160016	84.011	8,136
Title I Migrant - FY18	S011A170016	84.011	89,237
Title I Migrant - Summer - FY18	S011A170016	84.011	9,275
Education for Homeless Children and Youth - FY17		84.196	27,976
Education for Homeless Children and Youth - FY18		84.196	15,219
Vocational Education - Secondary Program Improvement - FY18		84.048	174,230
Vocational Education - Secondary Program Improvement - Reserve		84.048	142,304
Vocational Education - Secondary Program Improvement - Reserve		84.048	214,215
Carl D. Perkins Professional Development Program Grant - Reserve		84.048	750
Carl D. Perkins Small Equipment - Reserve		84.048	1,000
Mathematics and Science Partnerships	S366B150017	84.366	1,143
Mathematics and Science Partnerships	S366B160017	84.366	141,706
Title III - English Language Acquisition - FY16		84.365	5,413
Title III - English Language Acquisition - FY17		84.365	13,146
Title III - English Language Acquisition - FY18		84.365	103,290
School Improvement 1003(a) Grant Program		84.377	208,167
School Improvement 1003(a) Grant Program		84.377	349,016
School Improvement 1003(a) Grant Program		84.377	460,734
School Improvement 1003(a) Grant Program		84.377	376,966
School Improvement 1003(a) Grant Program		84.377	353,322
School Improvement 1003(a) Grant Program		84.377	148,093
School Improvement 1003(a) Grant Program		84.377	635,579
School Improvement 1003(a) Grant Program		84.377	336,409
Title IV SSAE Program		84.424	124,276
			\$ 9,163,051

(Continued)

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
Subtotal Noncluster programs from prior page			\$ 9,163,051
21st Century Community Learning Centers - FY17		84.287	192
21st Century Community Learning Centers - FY17		84.287	7,678
21st Century Community Learning Centers - FY18		84.287	63,771
21st Century Community Learning Centers - FY17		84.287	7,564
21st Century Community Learning Centers - FY18		84.287	64,210
Improving Teacher Quality - FY16		84.367	96,267
Improving Teacher Quality - FY17		84.367	83,634
Improving Teacher Quality - FY18		84.367	575,762
Total noncluster Programs			<u>10,062,129</u>
Total passed through State Department of Education			<u>13,497,359</u>
Total U.S. Department of Education			<u>14,005,706</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Head Start - FY17	07CH010344-02-00	93.600	630,164
Head Start - FY18	07CH010344-03-01	93.600	1,619,315
Total direct programs			<u>2,249,479</u>
TANF Cluster:			
Passed through United Way of Greater Topeka:			
Kansas Preschool Program (KPP)		93.558	124,967
Total TANF Cluster			<u>124,967</u>
Passed through State of Kansas Department of Education:			
Youth Risk Behavior Survey		93.079	1,785
Total passed through non-federal entities			<u>126,752</u>
Total U.S. Department of Health and Human Services			<u>2,376,231</u>
Total federal expenditures			<u>\$ 23,907,540</u>

See accompanying notes to schedule of expenditures
of federal awards.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Topeka Public Schools, Unified School District No. 501 (the District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
84.377	School Improvement 1003(a) Grant Program
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualified as a low risk auditee?	Yes
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TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501
TOPEKA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Part II – Financial Statement Findings

None.

Part III – Findings and Questioned Costs for Federal Awards

None.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Topeka Public Schools
Unified School District No. 501:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

March 14, 2019
Topeka, Kansas



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

Board of Education
Topeka Public Schools
Unified School District No. 501:

Report on Compliance for Each Major Federal Program

We have audited Topeka Public Schools, Unified School District No. 501’s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2018. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

March 14, 2019
Topeka, Kansas

Summary Schedule of Prior Audit Findings

There were no findings in the prior year.